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FINANCIALTIMES

#### World News

# The second of th **Bonn clears** way for recognition the burners of of Croatia

The German government agreed in principle to recognise any former Yugoslav republic which requests recognition before next Monday and complies with European Commu-

or mines to the comment of the comme plies with European Commu-nity conditions on respect for human rights and minorities. The move opens the way for automatic recognition of both Croatia and Slovenia on January 15, the deadline agreed for a common move by the EC member states.

i technicalih Drugs patents extended Radical measures to extend the effective patent life of new the effective patent me or new pharmaceuticals in Europe by five years were agreed by the European Community. The controversial decision offers drugs companies billions of dollars of additional revenue. College Day on Maria

Plans have been agreed for a European Commission system of voluntary audits by Europe's green scheme Companies of the environmental impact of their operations, which would be made available to the public. Page 4 ione mit

10 1.0 % h **HDTV** deal agreed

European Community telecom-munications ministers backed a deal on high-definition, cine-ma-quality television (HDTV) after France agreed to compromise on future satellite broad-casting standards. Page 16

ONLY SELECTION

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8023 Acres

More than a quarter of sevenyear-old children in England have difficulty with reading and basic mathematics, according to test results disclosed by education secretary Kenneth Clarke. Girls performed markedly better than boys.

**BCCI inquiry sought** The Bank of England was urged by the Treasury select committee of UK MPs to reopen its inquiry into the conduct of money broking firms which placed local anthorities' 1.1P1 \ 1.11ITED deposits with the Bank of General with the Bank of Gen Credit and Commerce Interna tional. Meanwhile the liquida-

tors of BCCI have agreed to plead guilty to fraud, racke-teering and drug money laundering, to pay a \$10m fine and to turn over all of BCCT's US assets - totalling \$550m to the US government. Pages

Mideast talks pledge Middle East peace talks will open their third stage as sched-uled in Moscow at the end of January, US secretary of state James Baker said. Page 4

Kidnappers seek \$6m Kidnappers in Austria threat-ened to kill Günther Ragger, brother-in-law of German Flick, unless a \$6m ransom

Pakistani disruption A campaign against Pakistani President Ghulam Ishaq Khan intensified when his annual address to parliament was disrupted by opposition MPs. Police used tear-gas to quell

supporters. Page 4

## Business Summary Exor could be forced into bid

The Italian Agnelli family's attempt to take over Exor, the holding company for Source Perrier, French mineral water ties held up a go-ahead on its offer in case Exor is obliged to bid for Perrier.

During the day the French stock market authorities issued a series of statements on the Perrier affair. Page 17

WORLD economy faces months of sluggish growth and rising unemployment as it stages a weak recovery from this year's slowdown and recession, according to the Organisation for Economic Co-operation and Development: Page 16; Details, Page 3; Editorial comment,

IRI, Italian state holding com-The move will create a group with a turnover of L8,000bn (\$5.7bn). Page 17

ROLLS-ROYCE, UK aero-engine maker, won a \$500m order to power a fleet of Boeing 777s for Emirates, airline of the United Arab Emirates, Page

AMERICAN Express, US financial services company, is to acquire the fifth biggest US travel agency, Lifeco Travel Services, in a deal believed to be worth \$100m. Page 20

directors of the international auction house are taking a 20 per cent salary cut to help it through the global recession in the fine art market. Page 17; Burton directors take pay cuts; Page 18

\$500m, Page 20

CANAL PLUS, French pay-TV channel which recently aban-doned plans for a merger with the Havas media group, fore-cast higher-than-expected prof-its of FFr1.05bn (\$190m) for 1991, compared with FF1910m.

EC ministers cut more barriers to the internal market when they agreed or adopted a series of measures on everything from homeopathic medicines to electromagnetic compatibility. Page 2

JAPANESE car makers are bracing themselves for increased political tension over their trade with the US following the announcement that General Motors, largest American manufacturer, is cutting more than 70,000 jobs. Page 7; Painful surgery for Detroit invalid, Page 14; Argentina

USAIR, sixth largest US carrier, agreed in principle to manage the Trump Shuttle, two years ago. Page 18

COMINCO, Canadian mining group, may withdraw from lead refining and close one of its mines if it fails to resolve soon the protracted troubles of its new smelter at Trail,

# for Perrier

group, took a new turn yester-day when Paris bourse authori-

pany, has regrouped its civil engineering, construction and industrial plant enterprises under the umbrella of Iritecna.

CHRISTIE'S: The main board

BRIDGESTONE, Japanese tyre company, said its US and Euro-pean operations will post annual after tax losses of

to open car market, Page 7; Renault seeks to cut jobs, Page

the east coast airline operation which Donald Trump acquired

British Columbia. Page 28

# Weekend

Tomorrow: Chris Patten gives a personal view of the Seven Deadly Sins

What 1992 holds for investors in the world's markets



expected in six months Compaq: US computer group seeks Inspiration

munity is here to stay ..... prime minister, seems vulnerable ....

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Commodities \_\_\_\_\_\_ 25 Currencies & money ... 38

OECD: Upturn in industrialised economies Taiwan's election campaign ......3 | highlights independence issue



Taiwan's main opposition, the Democratic Progressive party led by Hsu Hsin-Liang, has put independence for the country on the political agenda despite laws forbid-

21

Slock Marketsworld .....

\$1.8335 (1.825) DM2.8575 (2.87) FF19.7775 (9.8125) SF12.535 (2.545) Y235.25 (234.5)

MARKETS

\$357.95 (same) \$18.1 (18.15) Chief price changes yesterday: Page 17 London: DM1.559 (1.573) FFr5.5325 (5.3775) SFr1.383 (1.394) Y128.3 (128.45) Tokyo close:Y128.7 Fed Funds: 412 %

4.160% Long Bond:

FT-A All-Share: 1,146.78 (-0.9%) FT-SE Eurotrack 100: New York lunch OJ Ind. Av. 2.901.16 (-6.93) S&P Comp

STOCK INDICES

FT-SE 100:

2,391.6 (-22.0)

382.12 (-1.36) 21,991.19 (-638.71) LONDON MONEY 3-month interbank: 11% (10%%)

## European growth prospects dampened by Bonn's ½ point rise

# German interest rate raised

By Andrew Fisher in Frankfurt

THE GERMAN Bundesbank yesterday threw down the gauntlet to its European part-ners with an unexpectedly high interest rate rise that will further damp economic growth pursuedts across the continent prospects across the continent.

The German central bank, the dominant force behind European monetary policy, raised the psychologically important discount rate to 8 per cent from 7.5 per cent, the highest level in Germany since the Great Depression of 1931.

In a clear message to German trade unions and employers that it will not tolerate.

ers that it will not tolerate present inflation around 4 per cent, the Bundesbank also increased the Lombard rate for lending to banks by half a point to 9.75 per cent. This equals its post-war high. The Bundesbank action, which is likely to complicate

chances of implementing last week's Maastricht accord on European Monetary Union,

By Emilia Tagaza in Canberra

MR Paul Keating yesterday became prime minister of Aus-tralia, dislodging Mr Bob Hawke after a long and bitter leadership battle.

The 47-year-old former treasurer narrowly won a vote within the ruling Labor pariiamentary party. He now faces the difficult task of restoring

party unity after the leadership

struggle and returning it to

popularity in the face of a deep

recession and record unem-

Mr Hawke, 62, had been prime minister for eight years, a record for Australia. He had

led the Labor party to four con-secutive election victories. Yes-terday he pledged his support for Mr Keating's government.

The outgoing premier had

called yesterday's vote in a

last ditch attempt to hang on

charged ballot by 56 votes to

for the leadership, Mr Hawke was widely viewed as being preoccupied with efforts to preserve his position rather than with running the government.

Mr Keating, who is acutely aware that his party's poor per-

During the six-month tussle

**Keating ousts** 

Hawke to become

Australian PM

# Bundesbank looks after

number one German business confi dence in decline PAGE 2

Editorial comment PAGE 14 Lex

MOECD forecasts months of sluggish growth PAGE 16 ■ Foreign exchanges PAGE 36

dashed hopes in Britain and France of imminent cuts in

interest rates.
Contravening frequentlyexpressed desires in the US for lower interest rates to get the world economy moving, the Bundesbank action unleashed a round of interest rate tight-

formance in opinion polls is due both to the government's disarray and its inaction in the

face of serious economic prob-lems, yesterday pledged to fight unemployment with all

his energy.

"I promise not to turn a blind eye to the suffering that some are enduring and never

to agree that it is acceptable for some Australians to be sac-

rificed in the so-called national interest," he said.

The adjournment yesterday of parliament for two months gives Mr Kesting time to pre-

pare a programme to restore his party's fortunes. A general election must be held by May

Mr Hawke had fended off Mr

Keating's first challenge in

June, when sentiment, per-sonal loyalties and factional

Mr Hawke in office with 66 of

the 110 members supporting

Last week, he had rejected calls from his ministers and

close supporters to resign vol-untarily and hand over the

German interest rate

Lombard rate (percent) 8.0 1981 83 85 87

ening across Europe.
Four countries whose economies are linked closely to Ger-many's – the Netherlands, Denmark, Belgium, and Aus-tria – all raised their discount rates rates by half a point.
Mr Helmut Schlesinger,
Bundesbank president, said:

Bundesbank reaffirms its determination to keep to its

tight monetary policy".

On the foreign exchange markets, the action led to an immediate strengthening of the D-Mark. The dollar closed in Frankfurt at DM1.561, a 1 plenning fall on the previous day; in early reaction, the US currency had slipped below

The Bundesbank's move also led to speculation that it was trying to engineer a realignment within the European Monetary System (EMS) that would lead to the D-Mark being revalued. This would help the bank's inflationary battle, but France has previously opposed

any such changes.

Mr Hans Tielmeyer, the dep try president of the Bundes-bank, said, however, that he did not think the rate rises could lead to parity changes in the EMS. It was necessary, he

With these measures, the said, to rein back monetary expansion so the money supply target set for 1992 could be met. This foresees growth in M3, the broad monetary aggre-gate, of between 3.5 per cent and 5.5 per cent.

German companies have recently borrowed heavily to finance investments and acquisitions, especially in east Ger-many, with November's rise in corporate borrowing totalling DM35bn against DM22bn a year

ago. Recent double figure wage claims have added to the Bund-esbank's concern over future inflation. Consumer prices have risen at an annual rate of more than 4 per cent. "Four per cent, we have always said is not tolerable for the Bundesis not therease for the Sundes-bank over the medium term", Mr Schlesinger said. Mr Jürgen Möllemann, the economics minister, said the

Bundesbank's decision was a Continued on Page 16

#### Yeltsin moves to dismantle remains of union

By John Lloyd in Moscow and agencies

MR Boris Yeltsin, the Russian president, took control of the Kremlin, the Soviet foreign and interior ministries and secret police yesterday, ignor-ing Soviet President Mikhail Gorbachev's pleas for a "legal" transfer of authority.

Interfax and Postfactum, the Russian news agencies, reported the takeovers of the main bastions of Soviet power, despite a last desperate plea yesterday from Mr Gorbachev to the leaders of republics for a union structure that would preserve peace, ethnic tolerance and economic ties .

The agencies said a series of decrees signed before Mr Yelt-sin flew to Italy stripped the Soviet government of all its organs except the ministries of defence and atomic energy.

Further decrees on the take. over of the Soviet banks - the state bank Gosbank and the foreign economic bank, Vne-sheconombank - remain to be signed in a few days, banking

officials say. No details were available on the fate of the foreign and inte-rior ministries, or of the Soviet ambassadors and diplomats abroad. Tass reported that the Russian assumption of the powers of the Soviet foreign ministry would have immediate effect - but no response from Mr Eduard Shevardnadze, the foreign minister, was available last night.

Tass also reported that the buildings, currency and prop-erty of the Union Supreme Soviet, whose main chambers are in the Kremlin, were taken over by Russia.

The decrees make the assumption of Soviet power by Russia almost complete — with the prime exception of the Defence Ministry, and the armed forces.

Two of the three parts of the

security services - the former Committee for State Security, or KGB - were also taken over, leaving only the foreign intelligence service in a postin a six page letter to reublican leaders, ahead of a bar-Kazakhstan, on the shape of

the future union, Mr Gorba

chev warned again of a period "fraught with danger" if a stra-

instantly established and pres-ented a dark vision of poverty

Continued on Page 16 Credits freed, Page 2

Keating's victous wit, Page 4 Bob Hawke: Failed in last-ditch attempt to hang on to power

# Maxwell collapse 'worst thing' ever for UK banks

THE collapse of the Maxwell empire is "possibly the worst thing that ever happened" to Britain's banks, according to Mr Brian Pearse, chief execu-tive of Midland Bank. "It lays us open to the criti-cism that we lost money back-ing unsuitable entrepreneurs

rather than more deserving businesses," he said in an interview with the Financial

Times yesterday.

Figures obtained yesterday from the four big UK clearing banks, of which Midland is the smallest, show they have loans to the Maxwell public and private companies totalling £650m (\$1.2bn), on which they face losses of more than £200m. losses of more than £209m.

The losses faced by the UK banks to the Maxwell public and private companies is less than some banks in other

countries. Credit Lyonnais of France is believed to be particularly vulnerable.
Midland is owed £130m by the private companies and the two public companies, Maxwell

Communication Corporation

and Mirror Group Newspapers. Of this, £30m is tied up in a lease on new printing equipment and the remaining £100m is divided "roughly equally" between MCC and MGN and the private companies, according to Mr Pearse's deputy, Mr Brian Goldthorpe.

"Over the past two years, we reduced our loans to Maxwell interests from a peak of £320m," added Mr Goldthorpe, who manages Midland's loan book. "We took a conscious decision not to have too many

eggs in one basket." Evidence has been accumu-lating that, in the months before he died on November 5. Mr Robert Maxwell made big payments to banks wishing to

reduce their exposure to him. TSB Group confirmed yester-Maxwell private companies by more than £60m. Bank of Nova Scotia, the Canadian bank, is understood to have reduced its loans to the private companies by slightly less. Nonetheless, analysts believe

Midland faces losses of at least 250m on its Maxwell exposure. National Westminster has total loans of less than 2200m to all Maxwell companies, including a bilateral loan of £155m to the private companies, which is backed by 131.4m MGN shares. Its losses are likely to be similar to Midland's.

Lloyds' losses could be greater. It also has £150m expo-sure, but lacks security for an estimated £55m of loans to the private companies. It also has a direct loan of £32m to MCC, which is seeking protection from its creditors under US and UK insolvency legislation.

Maxwell losses may be smallest at Barclays, which also - by coincidence - has £150m of loans to the public and private companies. It lent £35m to MCC and has about £50m of loans to the private companies. The rest is an expo-sure to MGN, much of it leases secured on printing presses.

Kevin Maxwell battles to stay silent, Page 22

# readers shape

move



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Hawke resignation: The master of consensus leaves a bitter division ...... Europe: Regional policy in the European Com-

UK politics: Suddenly John Major, the UK Management: Pressures in the Japanese

GOLD New York Comex Feb \$359.1 (360.8) N SEA OIL (Argus)

US LUNCHTIME RATES Tokyo: Nikkei 3-mo Treasury Bills:

New York Iunchtime

DM1.5575

FFr5.3235

Y128.15

yield: 7.755%

Little long gilt future: Mar 96 % (Mar 96%)

THE SIXTEEN members of the North Atlantic Treaty Organisation yesterday agreed to co-ordinate their humanitarian aid to the former Soviet Union and to offer their assistance to ensure the control and dismantlement of its nuclear

The unprecedented offer by Nato to extend its activities from the military to the humanitarian field was made following a warning by Mr James Baker, the US Secretary of State, about the danger of social unrest in the Soviet

Reporting on the visit he has just paid to Russia, Belorussia, the Ukraine and Kazakhstan, which have all declared their independence, Mr Baker said that their leaders had all expressed deep concern about the possibility of a social explosion over food and other short-

Only massive aid from the west could stave off such a social explosion, Mr Boris Yeltsin, the Russian president, and the other three leaders, had

Supported by the majority of Nato countries, Mr Baker said that the US would go ahead with its proposal to hold an aid

Washington at the beginning of January. This was not intended to be a pledging conference, nor would it replace the aid offered by individual western nations.

However, Mr Hans-Dietrich Genscher, the German foreign minister, told the Nato council that he would like the conference to discuss volumes of aid as well as ways of distributing

In particular, the US and its partners are looking for sub-stantial contributions from other countries in the world such as Japan and the Gulf

The Nato members agreed that the problems faced by the new Soviet republics, which are planning to form a commonwealth at their meeting in Alma Ata, Kazakhstan, this weekend, posed a serious prob-lem for the democratic reform process and stability in Europe

The western alliance would now draw up plans to make available its logistic and infra-structure facilities for the urgent transportation and distribution of humanitarian assistance to the former Soviet

Nato also called on the lead-ers of the Soviet Union and the

stone in the post-war economic history of Europe. Despite the

political will in Bonn for deci-

sive steps towards European union, Germany has served notice that it is still tailoring

republics to ensure "the safe, responsible and reliable control of nuclear weapons, and actively to prevent the proliferation of those weapons and other means of mass destruc-

Mr Baker said he had received "very satisfactory assurances" from all the four republics he had visited that they were prepared to place their nuclear weapons under one single authority.

All the leaders of the repub-

lics had said they would adhere to the Nuclear Non-Proliferation Treaty. The Ukraine, Belorussia and Kazakhstan had said they would join the NPT as "non-nuclear states", contrary to some reports that Kazakhstan wanted to retain nuclear weapons in its territory under its own national

Russia intended to remain a signatory of the NPT, while

signatory of the NPT, while retaining its nuclear weapons, in the same way as the Soviet Union had done.

While welcoming the intention expressed by three of the republics of becoming non nuclear powers, Mr Baker said he was "not unambiguously" in favour of Russis giving up in favour of Russia giving up its nuclear weapons entirely.

eapons. Explaining his decision, Mr

am not prepared to subscribe to the philosophy of denucle-

arisation," the US secretary of

state said, clearly indicating that Washington did not intend

to give up its own nuclear

Heads together at Nato. Mr Baker (left) makes a point to Mr Genscher and Mr Wörner at yesterday's meeting ons had kept the peace for the whole of the post-second world war period. weapons targeted on the US. I

However, Mr Baker made clear that the changes taking place in the former Soviet ties for further reductions and elimination of nuclear weap-ons. "That would obviously be

a two-way street."

A majority of the Nato countries also indicated that they were prepared to recognise the independence of the four

republics as soon as a decision to create their proposed com-monwealth had been taken and they had committed them-selves to respect a number of

These included, as far as the US was concerned, effective measures to ensure nuclear safety, the creation of a democratic system of government respect for human rights, and the introduction of a free mar-

again to form

coalition King Baudouin of Belgium yes terday turned to a French-speaking Christian Democrat to form a government, after the Flemish Liberal Mr Guy Verhofstadt falled to negotiate a coalition with the Socialists, writes David Buchan in Brus-

Renault

seeks to

jobs

sthorn in Paris.

cut 3,700

RENAULT, which only

recently emerged from a dam-

aging strike, yesterday said it wanted to cut 3,746 jobs from

its 120,000-strong workforce next year, writes Alice Raw-

The news of the French

state-owned car group's pro-

posed cuts comes only a day

after General Motors, the US

car giant, unveiled a four-year

rationalisation plan which cuts

its workforce by 70,000. Ren-

ault's announcement comes

amid rising unemployment -a sensitive issue for France's

socialist government.

Renault hopes 1,800 of the

jobs will go through early

retirement. The company has been keen to improve relations with its union since the end of

a three week strike which cost

it between FFrL5bn (\$273m)

and FFr2bn. This week Renault

announced a pay rise of 2 per

prepared to begin negotiations over working conditions.

Belgians try

Mr Melchior Wathelet, leader of the PSC Christian Demo-crats, now takes on the tricky task of trying to form a coalition majority in the 212-sear. parliament, which, following the November 24 election, has 13 political parties. Mr Wathelet has the advan-

tage of being virtually the only leading French speaking politi-cian who is also fluent in

He is likely to try to dodeal with the Socialists, who iftheir French and Flemish wings are counted together form the biggest bloc in the

The main feature of the November 24 poll was the rise of environmental and extreme right wing parties at the expense of mainstream parties. But the greens fumbled their chance of power this week, when they rebuffed the offer by the Flemish Liberal, to join a Liberal-Socialist alliance that he was trying to negotiate.

#### EBRD invests in eastern Europe

The European Bank for Recon were being moved in to the struction and Development has committed nearly Ecu400m (\$516m) to investment projects valued at Ecul.4bn in recession-hit eastern Europe, Mr Jacques Attali, President of the EBRD said yesterday, writes Anthony Robinson.

Direct private investment has only amounted to about 33bn this year, largely because of the slow progress of large-scale privatisation plans. Mr Attall said freer trade was the main issue. "It is impossible to privatise companies which don't have a market in the developed countries and there will be no growth in invest-ment until the trade problem is

In an attempt to help re-activate trade between eastern Europe and the former Soviet republics the EBRD is working with the International Monetary Fund and the Bank for International Settlements on setting up a payments union, Mr Attali said. The bank is setting up branch offices in all east Euro-

pean capitals except Belgrade next year and hopes to per-suade the US and Japan to drop their opposition to a change in the bank rules which would allow it to lend more to projects in the former Soviet Union.

## Despite all the rhetoric on Emu, the German decision shows little concern for Europe as a whole Bundesbank decides to look after Number One

#### Italy agrees unblocking of credit to

By Robert Graham

Russia

ITALY YESTERDAY agreed to unblock \$1.178bn worth of credits in a goodwill gesture as Mr Boris Yeltsin, the Russian leader, began a 30-hour visit to

The funds are part of a fiveyear credit deal agreed in August totalling nearly L5,000bn (\$4.19bn). Disbursement of the first tranche has been blocked by the uncertain-ties caused by the rapid break-up of the Soviet Union. Mr Yeltsin was yesterday accorded virtually all the hon-ours due a visiting head of

state. Arrangements for the visit were made at the last minute and complicated by Mr Yeltsin's refusal to deal through the Soviet embassy.

Italy decided to waive its objections and accept Mr Yeit

sin's word that Russia would assume responsibility for the foreign debt following the bankruptcy of Vnesheconombank, the Soviet foreign trade

goods requested by the Soviet authorities in August. Backed by Sace, the Italian state export guarantee institute, they will permit the purchase of essential foodstuffs, clothing and footwear. Purchases of meat, pasta, rice, butter, powdered milk and soyabean oil will amount to \$608m; while footwear and clothing will be supplied to the value of \$570m. The \$530m for footwear will be welcomed by the Italian shoe industry which has been lobbying hard for the deal.

Italy's exposure to the fastdisappearing Soviet Union amounts to L5,100bn, covered by Sace, with at least another L1,000bn uncovered. Mr Yeltsin's Italian hosts are anxious to communicate their desire to do business with Russia. But they also want to clarify his position on a number of out-standing deals both in Russia and in neighbouring republics,

issues concerns talks with Finmeccanica, the state engineering group, to build and help run power stations in Belorus-sia, Russia and the Ukraine, receiving payments through energy supplies. The hope is that this can now be co-ordinated through Russia. Mr Yeltsin will also be pressed on means of recovering some \$300m owed to Iri, the state holding company, for a steel plant at Volsky in Russia. YESTERDAY'S decision by the Bundesbank to raise interest rates by 0.5 points is a mile-By David Marsh, **Europe Editor** 

> a way which diametrically contradicts the wishes of most of its European partners. This will have two results.

its economic policies strictly in the interests of one country -First, the further dampening of European growth prospects is likely substantially to com-Just one week after the EC plicate European countries' task of achieving convergence of economic performance in summit agreement in Maas-tricht to proceed to European the next few years. At a time when most European countries are still wrestling with ecomonetary union (Emu) by the end of the century, the Bundes-bank has flexed its muscles in

nomic slowdown, the depressive impact of higher interest rates will further jeopardise the aim of bringing down high budget deficits across the Community. This was one of the key conditions set for making Emu a reality.

Second, the realisation that the Bundesbank is still over-whelmingly focusing its policy responses on domestic considerations is likely to increase scepticism about Germany's In contrast with his usual misgivings about Emu, Mr Hel-mut Schlesinger, the Bundeshank president, gave an almost suspiciously conciliatory speech in Paris last week in reaction to the Maastricht accord. Mr Reimut Jochimsen, the outspoken president of the regional central bank of North Rhine-Westphalia, who is one of the 16-member Bundesbank council, issued probably a more accurate summing up of the Bundesbank's feelings when he criticised Mr Kohl's compliance as "maybe suicidal" on Tuesday in London. The Bundesbank council took its first opportunity to discuss the deal yesterday.

next month, yesterday's response of a larger-than-expected increase in interest rates represents the most elo-

Although it will probably not issue a formal statement until

quent possible Bundesbank reaction to the summit accord. The Bundesbank is, in effect, saying that unless Emu is founded on rock-hard anti-inflationary principles, it cannot be worth forging. The German central bank has never been happy about the prospect of relinquishing control over the D-Mark to a supranational European central bank. The

Bundesbank would rather place at risk the entire undertaking than see it advance in a way which contravened its line of "stability first." The Frankfurt credit tighten-

ing has particular effects on two countries which have been desperately seeking a chance to reduce interest rates. France tried a go-it-alone cut in the autumn, but was forced to reverse this last month with a % point increase in official money market interest rates. Yesterday's Bundesbank action

#### Community agrees open Treuhand market in non-life insurance

By Andrew Hill in Brussels

EUROPEAN COMMUNITY consumers will be able to buy non-life insurance policies from companies anywhere in the EC from mid-1994, member Internal market ministers

reached agreement on the third non-life insurance directive, establishing a single EC passport for insurance companies, and formally approved two other measures to help open the European insurance market to free

Under the non-life directive, companies which set up in other EC countries will be supervised by their home governments. National authorities will lose the right to vet foreign companies' contracts and premiums before they are marketed, except in

EC MINISTERS scythed down

more barriers to the internal market yesterday when they agreed or adopted a series of

measures on everything from homeopathic medicines to

The most important legislation included a directive

opening up public services contracts – which account for 3 per cent of Community gross

domestic product - to greater competition.

Internal market ministers

agreed that the directive

By Andrew Hill

the case of compolsory policies such as car insurance. Ministers Indicated that the council might try to push the measure through without the approval of the European parliament if MKPs continue to block it.

Socialist deputies, the largest political grouping in the parliament, are holding the directive hostage, arguing that the social aspect of the single market has been neglected.
Existing legislation had already introduced the already introduced the principle of home country control for commercial buyers of insurance. Yesterday's agreement extended it to individuals, and overrode the objections of Germany which had wanted to retain the regional governments' monopoly over fire insurance.

More internal trade barriers go

should not include calls for

reciprocal liberalisation in non-EC countries, and also

decided to deal with concessions - awarded by local authorities for

street-cleaning, for example outside the existing

In a concentrated eight-hour meeting, member states also agreed the last three directives which form part of a 44-measure package of technical standards for cars manufactured in the

manufactured in the

Sir Leon Brittan, the EC services threemeasures agreed yesterday as the "triple crown" of EC insurance legislation Ministers also formally approved the insurance accounts directive - which will help shareholders, policy-holders and brokers to

make direct comparisons between insurance company accounts - and a third measure which sets up a committee to supervise implementation of Community insurance legislation. The third non-life directive

will come into force on July 1, 1994, although implementation of some clauses has been deferred until the end of 1996 for Spain and the end of 1998 for Greece and Portugal.

France, Spain and Italy had

been blocking the directives in an attempt to force the European Commission to

clarify its stance on imports of Japanese cars into the EC. July's EC Japan agreement on imports, and the recent clarification of the role of

intermediaries in the

cross-border car trade, were sufficient to end their resistance to the three

type-approval measures.

#### acts to curb abuses By Leslie Colitt in Berlin

THE Treuhand privatisation agency has adopted new mea-sures to curb abuses in the sale of its east German companies. The disclosure that two electronics commanies were sold to year for as little as DM1 has forced the agency to revise its valuation guidelines. In response to pressure from Bonn, an obligatory 19-page negotiating checklist to identify "possible risks" to the Treuhand was issued to officials selling the companies.

The previous, highly mis-leading practice of valuing companies according to their assets has been replaced by the market value of the company. "Asset valuation is traditional in German business administration but it is a poor system," one official remarked.

As a part of the package of

measures, company properties not relevant to the business are to be sold separately by the Treuhand's property division. In the past, buyers of former state companies frequently received at no extra charge! office buildings and other prop-erties in prime urban sites owned by the companies.

The property division, employing more than 200 people, has been swamped with queries and is to be expanded by another 300 employees attached to each of the Treuhand's subsidiaries The Treuhand hopes to get a

decision by the German Finance and Justice Ministries under which buyers of east German companies would have precedence over claims of for-

## Two Serb enclaves in Croatia proclaim their independence

By Laura Sliber in Belgrade and Judy Dempsey in Mickevicevo, central Groatia

THE European Community's destroyed and the Croat and peace initiative in Yugoslavia received a further setback yesreceived a further setback yes-terday when two Serb enclaves in Croatia declared independence as fighting swept the breaksway republic. Lord Carrington, the EC

negotiator, was quoted by Tan-jug, the Belgrade based news agency, as saying: "We have to see if there is any sense in the Hague Conference or, as [Serbian] President Milosevic said, it is not of much use."

The two self-proclaimed Serb autonomous regions in Croatia declared independent the Serbian Republic of Krajina. The two territories have no com-mon border but they make up about one-third of Croatia. They include territory not con-trolled by Serb fighters.

The independence declara-

tion came amid Croatian military successes in western Slavonia, where Croatian forces are preparing to regain the strategically important village of Bucje. If Bucje, the head-quarters of the Serb nationalists in western Slavonia, cen-tral Croatia, is seized, it will provide an important military and psychological boost to the

Croatian government. Despite a federal offensive in the south of the republic, Cro-atian forces have regained a string of villages in western Slavonia over the past eight days, including Miokevicevo, Kamensko, and Vocim. But the material and human cost of the campaign has been high. Entire villages have been

onto these villages here with-out the support of the federal army," explained Mr Zdenko Sabolic, whose troops yester-day moved into Mickevicevo. "I think the federal army knows that it cannot hold onto western Slavonia, and at the same time hold onto eastern Slavonia," a Croat officer said Eastern Siavonia, which borders with the Serb-controlled province of Vojvodina, forms part of the crucial area which has been mapped out to form

area to consolidate the gains.

Croatian soldiers said they

now expected to regain most parts of western Slavonia.

The federal army is retreat-ing. The Chetniks [Serb nation-

alists will not be able to hold

greater Serbia.
"Serbia and the army are determined to dig into eastern Slavonia," the officer said. "This rich, agricultural region is vital for Serbia. At some stage we will have to launch an all-out offensive to regain this part of Croatia. Many lives will be lost. But we will not allow Serbia to hold onto it," he added.

Mr Herbert Okun, the head of the United Nations observer team, said his unit would visit central and eastern Croatia despite the upsurge in fighting in the area. But he said peacekeepers could not be deployed until a ceasefire takes hold.

# Germans clear way for recognising republics

By Quentin Peet in Bonn

THE GERMAN government last night agreed in principle slav republic which requests recognition before December 23 and complies with European Community conditions on respect for human rights and minorities.

The move opens the way for automatic recognition of both Creatia and Slovenia on January 15, the deadline agreed for a common move by EC states. The German government has made it clear that it has no doubts at all about the abil-

ity of both republics to comply with the EC conditions. Foreign ministry and Croatian government officials have held two days of talks in

man humanitarian aid. Last night's German move steps up the pressure on other EC countries, particularly Britain and France, which have greater reservations about recognising Croatia in the middle of the present fight-ing. It confirms a clear change in German diplomatic behav-lour, since reunification, to become more determined and assertive in its policies both within and outside the EC.

Bonn on future economic and

cultural relations, and on Ger-

Germany stressed its "determination to support Croatia in the reconstruction of the country and in setting it on the path to democracy and a mar-ket economy."

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# EC plan for voluntary eco-audit by companies

By David Gardner in Brussels

THE European Commission has agreed plans for a system of voluntary audits by companies of how their activities affect the environment. The scheme is a far cry from Brussels' original plans to

make these eco-audits mandatory for most sites in 58 industries, which had alarmed industrial lobbies across the Community. The voluntary plan, which still needs approval by EC governments, is more in line with the eco-label system the Council of Ministers approved last week.

In the same way that the label is designed to identify for consumers those products which do least damage to the environment, the proposed audit system would highlight companies which keep the clos-

est rein on their environmental performance.
Companies taking part and

conforming to EC-agreed green auditing norms would be entitled to use a logo on their annual reports, letterheads, and advertising, so that the system would become a mar-

Brussels would set the standards, the examination would be carried out either by com-pany or external auditors, and then verified by independent experts nominated by national

Mr Carlo Ripa di Meana, EC environment commissioner, made no effort to conceal yesterday that this was less than he had wanted. But he said we do not want to constrain companies with a complicated network of laws and onerous

The Commission estimates that the cost of an audit for one site employing up to 50 people would be Ecu3,000 (\$3,750) over three years — "a similar amount they might spend on office cleaning" as one official put it. This, of course, leaves aside the cost of putting right any environmen-tally-damaging practice the audit showed up.

Mr Ripa di Meana said he hoped the measure would be approved under the UK presidency of the EC in the second half of next year. David Buchan adds: The Dutch presidency of the EC yesterday failed in an attempt

to rewrite bits of the Maas-

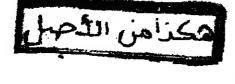
tricht treaty's controversial social chapter which it and 10 other EC states agreed on as a means to bypass the UK in making employment laws. Formally, it was a letter by

Mr Giulio Andreotti, the Italian prime minister, which killed the Dutch attempt to unpick part of the hard-won compromise on social policy at Maastricht. But it needed only one of the 11 signaturies to the separate social policy protocol to object for the Dutch presidency's revisionist bid to fail. Had Italy not spoken up, it was clear that France and Belgium would have done so.

The revisions would have slightly weakened the social provisions agreed by the UK's partners.



disappointed





#### OECD ECONOMIC OUTLOOK

seeks to Paris-based think tank expects upturn in industrialised world in six-months' time

# cut 3,7% Fundamentals for recovery in place

By Peter Norman, Economics Correspondent

ECONOMIC recovery in the 24 There are being a part of the industrialised nations in the Paris-based Organisation for Economic Co-operation and Development will be delayed by about half a year compared with the growth trajectory plotted in the OECD's last Ecoof the in-come groups comes many is nomic Outlook six months ago. The latest, 50th issue of the Outlook projects OECD growth in the second half of 1991 at a niggardly 1 per cent annual Micros in the control of the control rate compared with the first half of this year. By contrast, July's Outlook looked forward to expansion at a 24 per cent annual rate in the current sixmonth period.

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The industrialised world will have to wait until the second The seek by half of next year for growth to reach the annual 3 per cent rate, which is normally associated with maintaining employ ment levels. Last summer, the OECD believed this growth rate would be achieved in the first six months of 1992.

Despite this setback, the organisation believes the "fundamental conditions for renewed growth at a moderate pace are in place". Although the OECD projects a weaker expansion than in

a weaker expansion than in previous upturns, it is unswayed by talk of double dip recessions. Economic activity is recovering in countries where it has fallen, albeit more slowly than expected in the US. Growth is picking up in countries where it has been weak. It is slowing to a more sustainable pace in Germany and Japan where evidence of overheating persisted into this year. and Ja and Ja and Ja coverhe year.

li albert i As a result, the OECD believes that by 1983 output in the industrial world could be the industrial works could be expanding at annual rates of the female more than 3 per cent; with differences in the rate of expanding hich lies sion across countries narrowing considerably. By then, underlying inflation could be edging down in many countries. However, it expects little tries. However, it expenses in the overall improvement in unemployment which is projected to be unchanged from its present over 7 per cent.

rate of just over 7 per cent.
The OECD admits that 50 (50C)<u>507</u> ( er in the Fe recent softness in economic indicators has added to uncerrunted in: tainty about the timing and strength of growth. The impe-tus behind the projected pick-up in activity seems less than in past recoveries. The and the next issue of the Eco-

OECD ECONOMIC OUTLOOK Summary of Projections (Sessonally adjusted at annual rates) 1993 3.5 Germany OECD Europe 2.7 3.3 7.2 World Trade (%change") Inflation (GMP/GDP deflator)(% change") Japan Germany -12.1-57.4 Total OECD OPEC Non-OPEC dev countries OECD Eur 8.1 6.3 Total OECD orber 5 1991 La. S = Y120.36 and DL11.54; oil price \$10 per

shallowness of the recession and high levels of indebtedness point to only a moderate revival of consumption and vestment spending. Interest rates are the main

factor shaping the outlook for economic growth, it says. These have fallen markedly in countries that experienced recession and moderately elsewhere, and the OECD sees no need at present to adjust the basic stance of monetary poli-

However, it concedes that "in many countries" the risks to activity are on the down-side. According to Mr David Henderson, head of the OECD's economic and statistics department, countries would be right to lower interest rates further if growth were to prove slower than forecast in the Outlook. But he said in Paris yesterday that the OECD's projections for next year were consistent with further bad news in the form of

nomic Outlook next June.

The latest Outlook provides a checklist for policy-makers wondering whether they should cut rates further in the present uncertain state of the world economy. Before acting they should bear in mind that: • the most recent easings of

monetary policy have yet to be have their full impact; • it is unclear how far sluggish expansion of money and bank loans will restrain recovery because the growth of credit and liquid balances in securitised forms should make output growth less dependent on bank finance, and • further easing should not erode the credibility of the authorities' commitments "to achieve approximate price sta-

The OECD believes that monetary easing will only help growth if long-term, market determined interest rates fall as well as short-term rates controlled by central banks. It warns that "the experience of

cies, such as retraining, coun-selling and improved job placement, to deal with the continuing problem of unemployment. At the same time governments need to remove regulatory impediments to the efficient working of labour markets and create conditions for a better balance between wages and capacity of econo-mies to pay them. With the Uruguay Round of

their goals.
The OECD gives its approval

to "active" labour market poli-

trade liberalisation talks still in the balance, the OECD strongly repeated its call for a positive conclusion. Such an outcome would "yield gains in dynamism and efficiency" in the industrial world and help support moves to liberalisation in the developing world and the former communist countries of eastern Europe.

Mr Henderson pointed out that protection for domestic producers in countries such as Czechoslovakia, Poland, Chile and Mexico was now lower, more uniform and more trans-parent than that accorded to producers in most OECD countries. For the first time in economic history, the main impulse to trade liberalisation is now coming not from the industrial countries which profess to accept liberal norms, less to accept theral norms, but from countries whose past tradition has been to question or reject them," he said.

Presenting his last OECD Outlook before retiring from the organisation in April, Mr Henderson said there was still most seem for further integral. great scope for further integration in the world economy.

He called on OECD govern-ments to move towards establishing a liberal international economic order, in which virtually all the countries of the world would be full partici-pants. This would bring large political and economic gains.

The fact is that the current

ned OECD protectionism, which were considerable even before the recent changes in central and eastern Europe and elsewhere in the world, have now been substantially now been substantiany increased," he said. OECD Economic Outlook No. 50. Publications Service, 2 rue André-Pascal, 75775 Paris Cedez 16, France, or HMSO.

#### Changing fallacies of 25 years of economics

THE latest OECD Economic Outlook is the 50th to be published every half year since

July 1967. It is, like the organisation that produces it, rather understated. But it bears witness to the changing fads and fallacies of international economists in 25 years of relentless and often confusing change.

The first Outlook was published as the post-war "golden

age" of strong economic growth, low unemployment and stable inflation was drawing to a close. Few realised that at the time, however. Academic economists and policy makers were still confident makers were still confident
that high or full employment
— meaning a jobless rate of
around 3 per cent — could be
maintained through active
demand management.
The 1970s provided a series
of shocks as the Bretton

Woods system of lixed exchange rates broke down, exchange rates broke down, oil prices soared, inflationary pressures grew and high growth rates gave way to recession. Yet as late as 1977, the OECD published a report, "Towards full employment and price stability", talking of growth in the 24 member countries of 5.5 per cent a year between 1975 and 1980.

Such hopes proved too opti-mistic and had to be aban-doned. So did many of the prescriptions of that time - such as prices and incomes policies. In the face of high inflation and unemployment, the 1980s produced a more sober assessment of the capacity of governments to influence economies and a growing awareness that deregulation and reform of economic structures were

start improving again. Gradually a consensus emerged that stressed the role of monetary policy in contain-ing inflation and the importance of reducing fiscal deficits to create scope for private sector investment.

needed if performance were to

The latest Outlook notes that economic performance in the OECD has deteriorated in recent years. Finding out why will be the task of economists and policy makers in the

# **Brighter outlook** for east Europe

OUTPUT in the former communist countries of eastern Europe is expected to continue falling next year, but at a slower rate of 22 per cent overall compared with nearly 10 per cent this year, the OECD

Its latest Economic Outlook. it said this year's estimated 50 per cent drop in trade among the former members of the Comecon trading block had been one important reason for declining output in Bulgaria. Czechoslovakia, Hungary, Poland and Romania. But another factor could be the

impact of structural reform.

The OECD said reform efforts had been truly radical in intent. "But behaviour changes have been less evident: and implementation problems have been perva-

that the fall in output in Hungary might reach a trough in the middle of next year while Czechoslovakia would lag somewhat behind, and Bulgaria and Romania still further. They expected output in Poland to be roughly unchanged next year although the downside risks to this forecast were considerable.

The OECD made no forecasts for the former Soviet Union, which it said was becoming increasingly disorganised eco-nomically. But it believed the Soviet foreign debt problems reflected a hoarding of foreign exchange rather than a deteriorating trade balance. It said reduced imports should have caused large swing of around \$7bn to surplus on the overall hard-currency current account.

## Modest upturn seen for Britain next year

BRITAIN will experience a modest economic recovery next year with the GDP growth rate likely to lag behind the growth of potential output until 1993, the Organisation for Economic Co-operation and Development reported, writes Peter Norman. In its latest Economic Out-look, the OECD said the recession in the UK appeared to have ended by the summer of 1991. "A modest recovery may be under way, accompanied by more rapid disinflation than had been widely expected," it

If the OECD forecasts turn out to be true, Britain will cease to be the slowest growing member of the Group of Seven leading industrial nations next year and will assume a posi-tion in the middle of the G7 growth league after three years at the bottom.

But the organisation warned that high private sector indebtedness would restrain growth. Unemployment was therefore likely to continue rising, "perhaps stabilising at some 2.7m or more in the first half of 1992, or almost 10 per cent of the labour force" before edging down gradually afterwards.

The OECD expected nominal

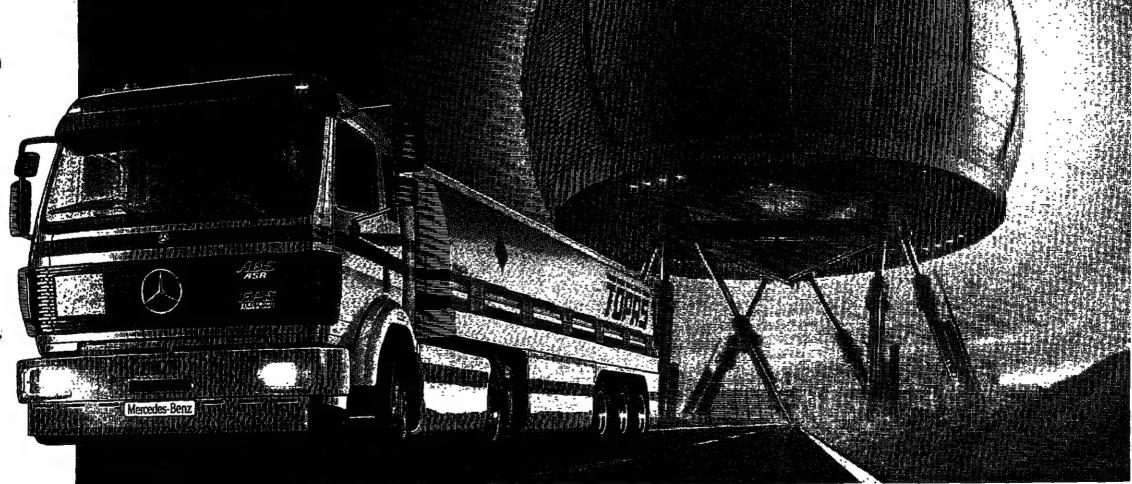
wage settlements in Britain to fall to around 5 per cent by 1993, representing levels not seen since the 1960s. With sustained productivity gains, underlying costs pressures should be quite subdued in the coming two years, allowing a recovery in profitability," the OECD added.

It forecast that inflation, as measured by the GDP and private consumption deflators, could drop to, and stay below per cent over the next two

years. Such an outcome would partly reflect a "change in atti-tudes" in industry's drive to contain costs and moderate wage claims in response to lower inflation.

The OECD said such changes were not only consistent with maintaining sterling's rate in the European Monetary Sys-tem but could mean that the output and employment losses associated with achieving low inflation would be significantly smaller than in the past and notably less than in the early

1980s. The OECD said further supply side reforms in to improve the flexibility of the economy



the past 40 years is that mone-tary policy runs a greater risk of over-stimulation than of fail-ing to boost activity."

On fiscal policy, the OECD believes countries should con-tinue to place the main empha-sis of policy on containing and reducing deficits to free funds to finance investment "Here

to finance investment. "Here again, credibility is easier to

Mr Henderson warned. The Outlook says that the

US budgetary process "still appears inadequate to keeping federal finances on a sound course". Policies in Germany

appear sufficient to reduce the

appear sufficient to reduce the general government borrowing requirement to 3 per cent of gross national product by 1994, "but this objective allows no room for slippage". The OECD notes that in Italy "sizeable additional – and ambitious – measures" are planned to put deficit reduction on track. But these have yet to be imple-

mented, and similar attempts in the past have failed to reach

than to earn and keep,"

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# A vicious wit to fell the opposition

Kevin Brown on what the Australian Labor party wants from its new prime minister

Six MONTHS after failing at the first attempt, Mr Paul Keating finally made it yesterday to The Lodge, the modest Canberra residence of Australia's prime ministers.

It was the end of a long campaign of attrition against Mr Bob Hawke, whose reward for leading Labor to power in 1983 was to become the first Labor prime minister ejected from office by his own party. Mr Keating's 56-51 margin

was closer than expected by many observers, including Mr Hawke's own chief supporters. who feared he would be humiliated by a landslide loss.

The closeness of the vote allowed Mr Hawke to depart with a measure of dignity, but it also underlined the deep split in the Labor Party that Mr Keating inherits. He now has two months to reunite the party and reinvigorate its poli-cies before parliament meets again in February for the last full year before the next elec-- which must be held by

May 1993.
Labor turned to Mr Keating because it had lost faith in Mr Hawke's ability to overhaul the conservative opposition, which has built up an 18 point lead in the opinion polls since nar-rowly losing the last election

in 1990. What the party wants from Mr Keating is the kind of fighting talk which made him Labor's best parliamentary per-former in his eight year stint as treasurer (finance minister)

- which ended when he retired to the back benches in

He is capable of both spec-tacular vulgarity – "scumbag" is a favourite insult - and victous wit, exemplified by his description of a vanquished parliamentary opponent as a "soufilé" because he never rose twice. It is a combination picked up in the brawling fac-



A new prime minister for Australia: Paul Keating smiles at a press conference after defeating Bob Hawke as leader of the Labor Party yesterday

tional politics of New South second-empire clocks and classical recordings which meshed seamlessly with his taste for free-market economics and Wales, where Mr Keating joined the dominant right-wing faction after leaving school and sharp Italian suits, but con-trasted oddly with the governquickly learned how to use rid-icule and the rule book to cow his left-wing opponents.
Unlike Mr Hawke, who
leaves The Lodge hoping to be
remembered as a man who was ment's class-based rhetoric. unchanged by high office, Mr Keating long ago left behind his Irish catholic working-class

upbringing. As treasurer, he acquired a collection of French

It was an image which helped push his popularity to a record low when, last year, partly as a result of the govern-ment's miscalculated monetary

policy. Significantly, after the vote

yesterday, he appeared in an old suit, and went out of his way to apologise for his description of the slowdown as the recession we had to

It looked like the first steps in a campaign to give the new prime minister a caring image. However, Mr Keating seemed ill-at-ease in the role. He was uncharacteristically nervous, and came to life only when an economic question allowed him to real off some figures. to reel off some figures.

average annual rate of about

His priority as prime minis-ter will be to restore harmony to the government, without which Labor will suffer an inevitable defeat at the elec-

A major reshuffle is unlikely given the instability caused by two reshuffles over the last six months. But there may be changes, if only to bring some new blood into the cabinet. The most likely candidates to go will be Mr Gerry Hand, the immigration minister, and Sen-ator John Button, the industry

The immediate impact of the change of prime minister is likely to be a 1 per cent cut in interest rates, to 7.5 per cent, which has long been factored in by the markets in the event of a victory by Mr Keating.

There will also be an economic statement early in the New Year aimed at reducing unemployment, currently at a post-war record of 10.5 per cent. Mr Ralph Willis, recently installed as treasurer by Mr Hawke, signalled similar inten-tions earlier this week.

Mr Keating's greatest advan-tage over Mr Hawke will be the end of the debilitating leader-ship struggle, which has dis-tracted attention from governlikely than Mr Hawke to be able to rattle the conservative opposition, led by Mr John Hewson, a former economics professor, who also replaced an

ageing predecesor.

Mr Keating's strategy will be
to lead from the front by
attacking the opposition at every opportunity, while hop-ing for an economic upturn, In the aftermath of victory, he appeared nervous, but he knows better than anyone that his performance will have to change rapidly if he is to claw Labor back from the abyss into which the leadership struggle has almost plunged it.

Hawke blamed for economic misjudgment

# The master of consensus leaves a bitter division

BOB HAWKE came to office as the healer, the master of consensus. He leaves with a mixed record, and with his own reluctance to quit having caused a bitter division in his Labor

party.
The leadership struggle has paralysed the government and probably considerably weak-ened the party's chances of the party's chances of winning the next election. A deep recession, blamed on misjudgments by both Mr Hawke and Mr Keating, has also made

and Mr Keating, has also make re-election an uphili task.

Mr Hawke, 62, was for 10 years president of the Austra-lian Council of Trade Unions until he entered partiament in 1980. His first contribution on 1980. His first contribution on becoming prime minister in 1983 was to heal the wounds, which opened up in Australian society during the years of his predecessors, Mr Gough Whi-tiam and Mr Malcolm Fraser. His talent for consensus helped Australia to put behind it the trauma of the 1975 con-

it the trauma of the 1975 con-stitutional crisis, when the governor-general sacked Mr Whitlam at Mr Fraser's urging. His initially direct and out-ward-looking style, itself a reflection of a surge in Austra-lian self-confidence, also helped

His government, favouring tripartite summits as a way of developing economic policy, won an accord with the trade union movement which swapped union wage restraint for social policy advances in health, education and social services, and later for tax cuts.

The great progress was in attacking regulation and protectionism. He achieved deregulation of the financial sector, the entry of foreign banks, floating of the currency, a semi-independent regime for interest rates and a determined attack on tariffs, which are scheduled to become minimal

by 2000. The Australasian model, embracing the comparable reformist Labour government in New Zealand, was legiti-mately considered for some



years to be worthy of emulation. But the overall record turned out to be a more mixed one. The accord with the unions was a valuable tool in reducing inflation, but it also had the effect of increasing the share of corporate profits in GDP at a time when Australia was in. the grip of an asset boom.

The boom got seriously out of hand in Australia - growth in the stock market exceeded even that in Japan between 1983 and the crash in 1987. Consequently, the correc-

tion, when it came, was even more severe than elsewhere, and the market is still

to the political tensions Codesa

delegates are trying to resolve,

but prospects for economic

about the short term, predict-ing only "small positive real growth" for 1992. Nevertheless,

some economists anticipate much higher growth in the

next few years - provided

there is a successful conclusion

to the current talks.
One of the main ressons for

serve Bank is gloomy

recovery remain uncertain.

below pre-crash levels. There have been two important failures. Macro-economic policy, which had been too loose after the 1987 crash, was kept too tight after a current account and foreign debt problem developed in 1989. The misjudgment, together with the collapse in asset values, weak commodity prices and a drought, has caused a serious. recession and record unem-

ployment.
Secondly, the government failed to achieve significant micro-economic reforms: this has left bottlenecks in transnest left bottleagues in dans-port industries and a rigid-labour market in which wage settlements generally bear no relation to demand for labour or to productivity.

Mr Hawke also made his Mr. Hawke also made his mark as an international statesman taking a prominent role in the Commonwealth particularly on the issue of South Africa, and in promoting Australia's position among its Asian neighbours, for example by proposing the creation of Asia Pacific Economic Compensation the struming Co-operation, the grouping which now embraces 14 Pacific

nations.

However, the poor state of the economy and the collarse of some of the country's best-known entrepreneurs has done little for Australia's image and the country of the country o its reputation for competitive-

A combative, proud and emo tional man, and an archetypal Australian, he was yesterday gracious in defeat.

"I am now a considerably poorer man, my income stream has been diminished. I have considerable debts and I will have to think how to meet those," he said.

# Japan's ruling LDP backs plan to raise taxes

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic party yesterday backed a plan to raise taxes in the financial year starting April 1992 in order to make up expected shortfalls in tax revenues caused by a slow-down in the economy.

The proposal for an increase of Y737bn (£3.15bn) follows weeks of increasingly intense lobbying between politicians, bureaucrats and businessmen in which the Ministry of played a crucial role The ministry, which has a

long-standing aversion to fiscal deficits, resisted from the outboosting budget funded by increased borrowing. The planned tax increases are less than the Y800bn the ministry originally wanted. But the ministry and the cabinet look set to approve the LDP's proposals in the next

The ministry is working on a draft budget which envisages a 4.5 per cent increase in general government expenditures to around Y38,700bn, including a 6 per cent rise in official development assistance. The ministry had wanted to create a spe-cial Y500bn international contributions fund, but the proposals ran into opposition

MR Roh Tae Woo, South

Korea's president, yesterday reshuffled his cabinet to form the government team for next

year's parliamentary and presidential elections, John Ridding

The reshuffle was smaller

than expected, affecting only seven of the 27 ministers and

leaving the economics team

"President Roh has decided that the most urgent work is

largely intact.

Roh reshuffles cabinet

from rank-and-file LDP members. They objected to introdu-cing such a high-profile new expenditure in an election year (elections to the bicameral Diet's upper house are due next summer). However, the planned increase in ODA is expected to meet most of the government's needs. Under the LDP's plan, the extra tax revenues will largely be raised by extending a tem-

porary corporation tax introir for two yes This will help finance Japan's contribution to the Gulf War. The tax is levied at the rate of 2.5 per cent. The party has also agreed to

the continuation for a further two years of a 6 per cent sales tax on cars. This was originally introduced in 1989 and due to be reduced in March 1992 to 3 per cent, the normal rate of sales tax.

The plan also envisages raising extra funds from changes in inheritance tax, from adjust-ments in the way standard cormaking companies and from the introduction of a new land-

As well as raising revenues, its purpose is to discourage landlords from leaving prop-

economic recovery and there-

fore he must have a consistent

policy," said Mr Lee Soo Jung.

the presidential spokesman, who was appointed minister

for culture yesterday.

Mr Roh's government has been criticised for its handling

# S Africa's economic ills could be devil a transition to democracy

By Philip Gawith in Johannesburg

A RECENT study of the prospects for South Africa's political transition has a sobering message for delegates to the Convention for a Demo-cratic South Africa (Codesa), which today begins negotia-tions on the country's constitu-tional future. History records no example

of a successful transition from an authoritarian to a democratic society against the back-ground of a declining standard of living, according to the study by two of South Africa's leading financial institutions. Hence the significance of recent figures from the Depart-ment of Finance, which show that real gross domestic prod-

uct, per capita, has fallen in

South Africa since 1981 at an

1.5 per cent. Although the Reserve Bank estimates that real gross domestic product is down by less than 1 per cent over the 32 month period of the recession, the effects on the ground have been much more severe than that figure suggests. Retailers agree that trading conditions are the most difficult they have experienced in

underline this story.

The impact of the recession has been especially painful on the employment front. The Reserve Bank pointed out in its annual economic report that the labour absorp-

20 years, insolvency figures -up 45 per cent in July-October

over the same period in 1990 -

Historic talks on a post-apartheid constitution will begin later today in South Africa despite the last minute decision by the Zulu leader, Chief Mangosuthu Buthelezi, not to attend, Patti Waldmeir writes from Johannesburg. The Inkatha Freedom Party, the mainly Zulu political group which Chief Buthelezi heads, will send a full delegation to

tion capacity of the economy the proportion of job-seekers gaining formal employment – dropped from an average 97 per cent in the 1960's, to 72 per cent in the 1970's. In the 1980's it fell further, to 22 per cent. But even more striking are the

today's Convention for a Democratic South Africa (Codesa). It brings together over 200 delegates from across most of the political spectrum. Leading political figures said yesterday they regretted the Chief's decision to pull out, which was taken in protest at Codesa's refusal to allow the Zulu king to attend the talks with a sepa-rate delegation.

figures for 1985-1990, when the ratio dropped to an average of only 7 per cent. The trend is only due in part to labour-sav-Growing unemployment, accompanied by a sharp rise in crime, inevitably contributes

optimism is the belief that: South Africa would no longer have to run a current account surplus in order to service its external debt. Sympathetic treatment by creditors of a post-spartheid South Africa

finance growth.

Optimists also hope for firmer commodity prices and improved world economic growth. But if these hopes are not fulfilled, the trigger for economic recovery is likely to be a lowering of interest rates. Although the Reserve Bank has had limited success in its fight with inflation, economists agree imlation has peaked (at around 17 per cent according to official figures), and as it declines so will interest rates.

Codesa is not specifically addressing economic issues. But the business community is hoping that sooner rather than later, the conference agenda will discuss the formidable eco-nomic problems that face a would allow extra resources to new South Africa.

Ms Benazir Bhutto leads opposition deputies out of parliament

Opposition disrupts parliament

# Pakistan PM under fire over rape case

By Farhan Bokhari in Islamabad to the government of Sindh

AN opposition campaign against President Ghulam Ishaq Khan intensified yester-day when his annual address to parliament was disrupted by opposition MPs while out-side police in rlot gear used tear-gas on hundreds of oppo-

sition supporters.

As Mr Khan rose to speak, Ms Benazir Bhutto, the former Ms Benazir Bhutto, the former prime minister, and fellow MPs tried to interrupt by raising a point of order. When the speaker ruled this inadmissible, MPs began to bang tables and shout. They walked out half an hour after the speech began.

began.
The move was a sign of continuing pressure on the presi-dent over the alleged gang rape of Ms Farhana "Veena" Hayat, a close friend of Ms Bhutto, on November 27. Ms Hayat's father says she was raped at her home by five gun-men who said they were sent by Mr Irfanullah Marwat, son-in-law of the president. Mr Marwat, home affairs adviser

Later. Ms Bhutto told s press conference: "This president does not represent the unity of parliament." She added that: "He represents interests of his family". She described Ms Hayat's case as cridence of the press hind of evidence of the worst kind of male prejudice and chauvin-ism which was meant to intimidate her, and vowed to continue her struggle against

province, denies the accusa-

"fascist" rule. However, Mr Khan denied the allegations. He said he condemned the attack on Ms Hayat but that it was up to the judiciary to decide the case. He denied that Mr Marwat had been named as a suspect in the

Yesterday's developments preceded today's tribal jirgo, a meeting of elders called by Ms Hayat's father in the northern Taiwan's election campaign highlights independence issue

## will move to Moscow

By Our Middle East Staff

THE third stage of Middle East peace talks will open as sched-uled in Moscow at the end of January, Mr James Baker, the US secretary of state said yes-Mr Baker told journalists after a Nato meeting in Brus-sels that the talks would open on January 28 and 29 despite the break-up of the Soviet Union. "The parties involved all want to see that hap-

pen...We are not about to poll back on an agreement. We expect the talks to take place," he said. A total of 35 countries, including Maghreb and Gulf states will join the talks, which are expected to cover such topics as water resources, the

environment, refugees and arms control. Bilateral talks between Israel and its Arab neighbours, adjourned in Washington on Wednesday after six days of inconclusive debate over the status of Palestinian delegates, the meaning of UN resolutions and the US role in the peace

## Mideast talks | Military lets ex-MPs stand in Nigeria poll

NIGERIA'S presidential race has been thrown wide open by a military decision to allow disqualified former legislators to seek elective office, political sources said yesterday, Reuter reports from Lagos.
But the sources said the

But the sources said the Armed Forces Ruling Council's (AFRC's) move on Wednesday was likely to cause more confusion in the two military-created parties vying for full civil rule late next year following hitterly-fought state envernorship holls. governorship polls. It affects several thousand ex-politicians and officials, some with powerful follow-

They were originally dis-qualified from politics until civilian rule was restored to help to create a fresh political climate in a country with a history of ethnic and political tensions.

A statement issued after the AFRC meeting said people in President Ibrahim Babangida's administration were also free to join the political process, apart from the president him-self.

#### **UN** gets funding for Iraq guards By Frances Williams in Geneva

THE United Nations has succeeded in raising enough funds to maintain a contingent of UN guards in northern Iraq, following a warning earlier this week that it might have to

be withdrawn.
Prince Sadruddin Aga Khan, head of UN aid operations in Iraq, announced yesterday in Geneva that contributions of just over \$8m (£4.3m) would mean the contingent could be restored to 500 within a few weeks. The lack of funds had already forced the UN to repatriate 127 guards, leaving the present strength at about 360. The bulk of the extra funds has come from Germany, which put up \$6.26m, and Britain, which contributed

of the economy. Inflation is running at an annualised rate of about 10 per cent, and the current account deficit, already over \$10bn, is five times larger than last year.

Tomorrow's poll, the first fully contested by the opposition, is being anxiously watched by China, writes Luisetta Mudie AIWANESE voters go to the polls tomorrow in what will in effect be a referendum on the question of independence even though the word has officially been banned in the election cam-

paign.
The elections to the National Assembly, which votes on changes to the constitution and elects the president, are the first to be fully contested by opposition parties and the first in which the ruling Nationalist Party, the KMT, does not have

a built-in majority. The main opposition Democratic Progressive Party (DPP), led by Mr Hsu Hsin-Liang, adopted independence for Taiwan into its manifesto last October despite laws forbidding it to do so.

The KMT condemned the move, calling it "an irresponsible act which affects the security of the nation and the well-being of the people." Though Taiwan has operated as an independent state since 1949, the KMT, headed by President Lee Teng-Hui, claims to be the sole legitimate government of all of China with Taipel as the provisional seat of gov-

It seeks eventual reunification with China but on its own terms. To advocate independence for Taiwan is considered seditious and is techni-cally punishable by long prison sentences. References to independence have been deleted from DPP campaign literature and party political broadcasts on national television. Despite the question that this raises about the degree of democracy in Talwan, these elections represent a significant step in the democratisation process and also towards renunciation by the KMT of the claim to sovereignty over the mainland.

All the "old thieves," the deputies elected to the Assembly in 1948 for The turnout is thought likely to be constituencies on the mainland, have been pensioned off and a quarter of the 325 seats have been desig-

nated to represent the mainland, no

longer with pretensions to represent any specific constituency. Direct elections from Taiwan constituencies will account for 225 seats, while the other 100 will be allotted proportionately according to each party's share of the vote.

The campaign has been marked by complaints of unfair treatment in the media by the DPP and accusations of corruption and violence on both sides. Professor Michael Reisman of Yale University, who is observing the elections, said fairness could be called into question if it

60 to 65 per cent of the 13m eligible voters. The KMT is confident of winning the 75 per cent majority it needs to carry through its pro-gramme of constitutional reforms.

he DPP is aiming for about 30 per cent of seats in the Assembly, but is demanding that the old constitution, a left-over from the days of KMT rule on the mainland, be scrapped and a new one written for a Republic of

Mr Chang King-Yu, president of the National Chenci University, thinks that the majority of Taiwan-ese will opt for stability. "The KMT may have some shortcomings but

it's a brand people know," he says.

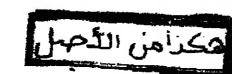
"The violent behaviour of some of the DPP's supporters and the party's lack of experience in government worries people. Also, they will not vote for something which is potentially dangerous." Other analysts say however that there is a growing demand among educated people for recognition for Taiwan in the international community. national community. Taiwan is the world's 13th largest

trading nation but it has not been able to make headway in the world diplomatically as most of its efforts are blocked by China.

There is no doubt that the Chinese government, too, will be anxiously awaiting the election results. Rela-tions between Taipei and Beijing have been improving steadily in recent years.

Since the rise of the independence

movement Beijing has had a vested interest in the KMT retaining power. Both governments are in favour of eventual remnification but the KMT is trying to buy more time, ever hopeful of political change in China. The Chinese government has made some ominous threats about what night happen should Taiwan declare itself independent, and has not yet renounced the use of force against the island. While this is a useful weapon against the DPP in the election campaign, and the prog-ress made in relations with China is probably a vote-winner, the KMT must be careful not to appear too sensitive to Beijing's every word and gesture if it is to avoid criticism from all sides at home. The KMT will know tomorrow whether its political juggling act has succeeded.



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WIDAY DECEMBER.

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# If the customer is always right, the world's best airline is Swissair.

Air travel is more than just a convenient way of getting from A to B ... or Z. Airlines compete with each other to provide passenger satisfaction. An airline's success, indeed its survival, depends on it. Over the past 26 years, an independent research company, the International Travel Research Institute (INTRAMAR), has developed techniques to measure this crucial factor. It has evaluated passenger satisfaction for a total of 95 airlines in 72 countries. Its latest survey, the recently published Intramar World Airline Monitor 1990-91, identifies the decisive influences:

#### Top factors in passenger choice of airline and satisfaction rating.

1.	Punctual flights	76%
2.	Excellent in-flight service	59%
. 3.	Superior aircraft	52%
4.	Comfortable seats	48%
5.	Efficient reservations	. 44%
6.	Discounts/money-saving deals	43%
6.	Good check-in service	43%
8.	Clean cabins, seats, washrooms	38%
9.	Good food and beverages	36%
. 10.	Attractive frequent flyer plans	28%
11.	Superior business class	26%
12.	Superior first class	17%

Who says so?

INTRAMAR interviewed 1,450 respondents in forty major cities, in 26 different countries in Europe, North America, Asia, and Australia. They are qualified to make a sound judgement by reason of two important sampling requirements. In the first place, they are all frequent travellers, who make an average of ten international flights per year. Secondly, they are experienced travel agents, with an average of ten years in the travel industry, who are professionally knowledgeable regarding airline service and performance. And they weren't just sent a questionnaire to fill out and return. They were interviewed in person.

#### How do they know?

From their own flight experience. Each of them had flown the airlines they reported on within the past three years - a total of 32,000 recent flights on 44 different airlines.

These seasoned travellers hold strong opinions. In most research studies, a high proportion of respondents will opt for an easy 'don't know' or 'no opinion' answer, usually between 10 and 20 per cent of any sample. In this survey of airline satisfaction ratings, more than 99 per cent of those questioned wanted to express an opinion.

#### How did they rate the airlines they fly?

In total, 44 airlines were graded in seven different categories (figures represent the number of airlines in each category):

Above average		Below average	
Super-Excellent	9	Fair	4
Excellent	12	Rather poor	6
Good	3	Very poor	6
		Extremely poor	4

Twenty airlines were rated below-average, in the categories 'Fair' to 'Extremely Poor'. The study does not disclose these by name, except to the airlines concerned. However, it does identify the 24 carriers which performed above-average:

#### The 24 top airlines.

Super-Exce	llent	Index
1	Swissair	180
2	Singapore Airlines	173
3	Lufthansa	165
4/5	Cathay Pacific	157
4/5	Thai International	157
6	KLM	154
7/8	British Airways	150
7/8	Japan Airlines	150
9	Finnair	149
Excellent		
10	Virgin Atlantic	148
11	Qantas	147
12	Air Canada	146
13/15	All Nippon Airways	144
13/15	South African Airways	144
13/15	SAS	144
16	Varig	137
17	Japan Air System	136
18	American Airlines	133
19	Air New Zealand	132
20/21	Canadian Airlines	124
20/21	Air France	124
Good		
22	Gulf Air	118
23	Malaysia Airlines	117
24	Delta Air Lines	108

The average Passenger Satisfaction Index for all 44 airlines surveyed is 106.

(It should not be assumed that an airline which does not appear on this list has a below-average passenger satisfaction index. The survey did not cover all of the world's airlines, just 44 of the better-known carriers.)

#### The competition to provide passenger satisfaction continues.

Swissair is proud to have been named as the first choice of the world's most knowledgeable and seasoned travellers. (At this level, the researchers say, the phrase should be 'passenger enthusiasm'!) We extend our congratulations to our 23 competitors who also achieved above-average ratings. We know how dedicated you have to be in every area of airline operation to gain the confidence of the travelling public. It takes a long time to win, and it can be so easily lost.

We also realise that these competitors will strive their utmost to dislodge us from first place in the years to come. So, for Swissair, the message of this survey is, 'If at first you succeed, try and try again'.

Swissair has obtained the permission to publish this information, which is extracted from an article written by Dr. George Hodel, director-general of the International Travel Research Institute (INTRAMAR), Hong Kong. It first appeared in the December issue of the magazine, 'Airline Business'.



#### **AMERICAN NEWS**

on exports

marred by

iobless rise

AN increase in exports in

October provided encouraging

evidence that US companies

remain competitive in world markets, Mr Robert Mos-bacher, the US Commerce Sec-

The momentum of export

growth, however, has slowed

Exports rose \$1.4bn to \$36.7bn, in cash terms the highest total ever recorded.

Imports rose by only \$1.2bn to

\$43.5, causing the trade deficit to shrink to \$6.7bn compared with \$6.9bn in September.

The good news on exports,

however, was marred by a

larger than expected surge in claims for unemployment insurance in the first week of

December, indicating that labour markets are continuing

to deteriorate.

Claims jumped 79,000, more than wiping out a 61,000 decline in the previous week which was distorted by the Thanksgiving holiday. Claims

are now running at 493,000, well above the level that has previously signalled recession.

The rise in exports last month reflected rises in indus-trial supplies and materials,

consumer goods, vehicles and parts, and capital goods.

In the three months to Octo-ber, exports were running

about 6 per cent higher than

in the same period last year. However, they were only 1 per

cont higher than in the preced-ing three months, indicating that export growth is slowing sharply – a reflection of reduced demand in some over-

seas markets. Mr Mosbacher drew atten-

tion to the strength of manufactured goods this year. In the first 10 months, manufac-tured exports were 9 per cent

higher than in the correspond-

ing period of last year. He said the trade deficit for

the year as a whole was likely

to be about \$70bn, about a third lower than last year and the smallest shortfall since

retary claimed yesterday.

By Michael Prowse in

Washington

# **BCCI** assets forfeited in US plea bargain deal

THE liquidators of the Bank of forfeiture, a \$10m fine will be Credit and Commerce International (BCCI) have agreed to plead guilty to fraud, racketeering and drug money laundering, to pay a \$10m fine and to turn over all of BCCI's US assets - totalling \$550m - to the US government. This is part of a far-reaching settle-ment of criminal charges, announced yesterday by offi-cials in New York and Wash-

The plea settlement calls for the \$550m of BCCI assets in the US to be liquidated and placed in a special government account to be administered by the Departments of Treasury

and Justice.
Half of the \$550m - the largest criminal forfeiture in US history - will be used to cover fines, prosecution expenses and capital injections made by the Federal Deposit Insurance Corporation to two US banks that were illegally controlled by BCCL These are First Amer-ican Bank of Washington and Independence Bank of Encinco, California.

The other half will be applied to a Worldwide Victims Fund, used to settle claims from victims of BCCI's criminal conduct outside the US.
Aside from the \$550m asset

paid to New York state and an immediate \$5m is to be injected into Independence Bank, said by officials to be in urgent need of the capital.

Mr Robert Morganthau, federal district attorney for Manhattan, who first brought fraud charges against BCCI on July 29, said that, beyond the guilty pleas and financial terms, the settlement calls for BCCI liquidators to provide full co-operation and to share documents with US prosecutors who are continuing to present evidence to grand juries. Mr Morgen-thau and Mr William Barr, US Attorney-General, said more

BCCI indictments are expected. The plea bargain also covers a new federal indictment for racketeering conspiracy filed yesterday against BCCI and associated companies. The new indictment expands on earlier racketeering and conspiracy charges filed against BCCI and

some of its officers.
Charges last month accused BCCI of fraudulently taking over Independence Bank in California through terday levels the same charge at its acquisition of first American Bank in Washington DC and National Bank

The indictment also adds charges of helping the Medellin drug cartel of Colombia to launder money and evade US

Justice Department officials said the future co-operation agreed with the liquidators of **BCCI** and associated organisations could take years off the process of bringing criminal charges against individuals involved in the BCCI affair, and enable the Justice Department to bring some charges it would otherwise not have

"Foreign enforcement jurisdictions have had some concern about providing evidence to us that could be used to take money away from depositors in their countries," said Mr Rob-ert Mueller, assistant attorneygeneral for the Justice Department's criminal division.

Although Luxembourg authorities have approved the settlement, the government of Abu Dhahi is not a party to it. Officials said they continue to seek the extradition of Mr Swaleh Naqvi, former BCCI chief executive, who is under arrest in Abu Dhabi, and Mr Aga Hasa Abedi, former chairman, who is in Pakistan.

By Lionel Barner, US Editor, in Washington

are expected to issue soon public threats of sanctions against Libya, in retaliation for the bombing of Pan Am flight 103 over Lockerbie in Scotland three years ago.

The aim of the sanctions would be to force Colonel

Muammer Gadaffi, the Libyan leader, to comply with demands for the extradition of two Libyan intelligence agents indicted in Scotland in connection with the the bombing, according to British and US

The three allies are consider-ing the introduction of a UN Security Council resolution which would set out their demands to impose sanctions such as banning all international flights in and out of Libya, as well as the sale to that country of commerical

eroplanes and spare parts. Other more severe sanctions, such as a ban on the sale of military goods and "dual-use" technology, as well as a ban on Libyan oil exports, are also under review. A military strike similar to the US raid on Trip-oli in 1986, while not ruled out. is viewed as more remote.

been sounding out members of the UN Security Council to test

The US and Britain have

tion. The backing of the council would be a "tremendous asset", especially if it included Arab states, said one British In a joint statement, the two

countries called for extradition of the two Libyan agents and compensation for the bombing. Securing a UN Security Council resolution may prove difficult if China, one of the five permanent members, threatens a veto. US diplomats also view the attitude of Japan, which is to take a seat on the Security Council next year, as critical. "They hate coming down on any side of an issue," said one official.

# The states' well running dry **Good news**

George Graham examines the squeeze on US local finance

Six WEEKS ago, New Jersey Republicans were elated, having ridden to a crushing victory in the state legislative elections on a wave of voter hostility to higher taxes introduced by Democratic Governor Jim Florio.

Today, they are hiting their nails as their ousted Demo-cratic rivals, in their last weeks in office before the new legislature takes over in January, threaten to reverse the \$2.8bn of tax increases they voted only last year, leaving the new assembly with a bud-get problem beyond their worst

nightmares, "The lame-duck session is an opportunity for a great deal of ischief. The Democrats are hurt and they're angry," said Mr David Kehler, president of the Public Affairs Research Institute of New Jersey.

New Jersey is not alone in wrestling with an intractable conflict between voters' fierce antipathy to tax increases and the difficulty of balancing state budgets in a recession.

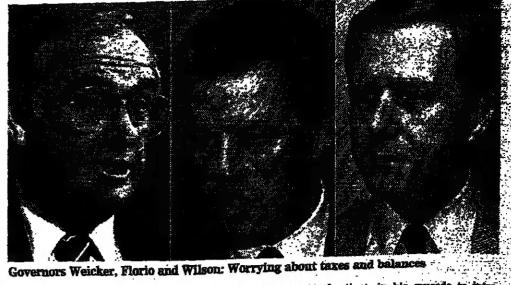
In Connecticut, Governor Lowell Weicker, an indepen-dent, last week vetoed an to reverse the budget package. including, for the first time in Connecticut's history, a tax on salaries, which he had forced through in the summer.

In California, Republican Governor Pete Wilson announced a sweeping plan to slash welfare payments by 25 per cent, in a bid to balance the state's budget. Recession hit New England

is the region with the worst budget problems, but sunbelt states such as Florida and Texas also face difficulties. Many states saw their tax revenues decline in the fiscal year that in most cases ended

in June. Despite efforts to compensate with tax increases, the current fiscal year is bringing even deeper problems. "The fragile foundations

upon which fiscal year 1992 state budgets [stand] are



already showing serious strains due to a sluggish national economy," noted the National Council of State Leg-

States have faced steadily increasing budget pressures in the 1980s as the federal govern-ment has shifted more responsibilities onto their shoulders. Most states had adjusted well, but the recession has brought them to a crisis: the flagging economy has slashed tax reve-nues and put more people out numbers signing up for welfare payments or claiming health benefits under Medicaid for low-income families.

Balanced budget laws apply in most of the 50 states, so deficit financing is not an option.
"Twenty-five states, as well as Puerto Rico and the District of Columbia, were experienc-ing revenue shortfalls early in the second quarter of fiscal year 1992. In addition, 20 states had begun to experience over-

runs in Medicaid spending and 17 states report that caseload increases are pushing welfare expenditures above projected levels," the NCSL reports. Similar problems are hitting other levels of local govern-

ment. More than 89 per cent of the 443 counties with populathe 443 counties with popula-tions of more than 100,000 said they faced a budget shortfall in the 1991 fiscal year, according to a survey by the National Association of Counties, and 60 per cent are prohibited by law from raising property taxes, their main revenue resource.

their main revenue resource. For states which raised taxes last year, further increases are an extremely unpalatable option this year, when 12 gov-ernorships and more legislatures are up for election.

There is very little chance

"There is very little chance that any new dollars will be raised in taxes. We raised \$9bn in taxes last time, and there just isn't the will in the legislature to do it again," said Mr Tom Bates, a Democratic legislator in California, a state whose first-quarter tax revemes were already \$334m below budget and which faces another \$2bn to \$3bn tax short-fall this year. One of the problems for the

states is their pattern of tax revenues. Sales taxes and corporate income taxes account for the bulk of revenues in many states, and both have suffered from the recession. Governor Weicker of Connec-

ticut, in his crusade to introduce a personal income tax to his state, argued that it would be much less vulnerable to recessions, and also less regres sive than heavy sales taxes:

Florida which faces a \$622m revenue shortfall this year, would need an amendment to the state constitution to introduce an income tax. Tax-averse Texas seems scarcely more likely to adopt an income tax in the near future, although it managed to balance its two-year \$59bn budget for 1992-98 only by resorting to some creative projections for revenue

There is also electoral oppo-sition to lower spending but, in general, this has been far out-weighed by electoral opposition to higher taxes.

If New Jersey's lame-duck Democrats press ahead with their plan to roll back last year's tax increases, the new Republican legislature will have six months to deal with a difficult dilemma: come up with siashing cuts in spending or pass their own tax increases

spares them the choice by veto-ing his own party's repeal mea-sures.

# Libya sanctions threat soon

THE US. Britain and France

CHEMICALBANK

SINGAPORE BRANCH

MANUFACTURERS HANDVER SINGAPORE BRANCH

**CHEMICAL BANK** and

MANUFACTURERS HANOVER TRUST COMPANY MERGE AND FORM THE New CHEMICAL BANK

To: All Our Customers

In the latter half of 1992 Manufacturers Hanover Trust Company will merce with and into Chemical Bank. Our

in preparation for the date of actual merger it is necessary, subject to all relevant approvals, to integrate the customer records and information of both banks. We have in this regard written to all the customers of our Singapore branches. If you have not received our letter please contact

Gisa I. Wagner MHT, Singapore Branch

(Tel No: 65-2245500) (Fax No: 65-2255842)

Robert L. Corcoran, Jr. Chemical Bank, Singapore Branch (Fax No: 65-2901752)

(Tel No: 65-2911298)

Ozone discovery throws scientists into disarray By John Hunt, Environment Correspondent

SCIENTISTS ARE having to reassess the impact of global warming - the so-called green-

warming – the so-called greenhouse effect – becauseof a
report by the United Nations
Environment Programme
(Unep) and the World Meteorological Organisation.

This suggests that the depletion of the stratospheric come

layer may have a cooling rather than warming affect on It has been accepted that the thinning of this protective layer 30km above the earth's surface was an important contributor to global warming second only to the greenhouse gas carbon dioxide created by burning fossil fuels.

Dr Tony Cox, director of atmospheric sciences for the Natural Envi-

ronment Research Council (Nerc), said the new evidence makes the issue far more complicated than we thought" The report of the Unep and WMO is to be published in January but a summary has been seen by members of the United States Environmental Protection Agency.

An agency official said it "turns the science of global climate change on its British scientists take a

more cautious view. They point out that any cooling effect of exone depletion would operate only near the poles. An international panel of scientists will examine the matter as part of a review of the

## Venezuela may sell petrochemicals stake

VENEZUELA'S national oil company PDVSA is looking at the feasibility of selling up to 51 per cent of shares in Pequiven, its wholly-owned petrochemical subsidiary. Shares would be offered to the public on the Caracas Stock Exchange and on a US exchange.
It also is examining ways to

encourage more private investment, especially from abroad, in coal, natural gas and orimul-sion, a new fuel made from extra heavy crude oil and

PDVSA already has coal production and marketing agreements with Italy's Agro Coal, and a joint venture with Exxon Mitsubishi and Shell to produce and sell liquefied natural gas. It also has a joint venture with British Petroleum for international marketing of ori-

However, PDVSA officials warned that the sale of shares in Pequiven is still at the con-

ceptual stage, and that any such initial move would have to be approved by the Ministry of Energy and Mines, then by the Venezuelan Congress.

VIASA, the Venezuelan international airline, reached agreement on a new labour contract late on Wednesday night with pilots who had been on strike since November 24.

The pilots, whose strike grounded all flights, won a substantial increase in their wage package, but also made concessions to the airline, als to place a higher tax bur-which was privatised in den on upper-income brackets.

August and is now controlled by Spain's Ibéria.

The strike was not only a test for Ibéria, but also for the Venezuelan government's privatisation programme. It was not clear whether the company has become able to raise the productivity of its pilots under the two-year agreement.

A suprising gain for the pilots was an annual wage rise linked to a cost of living index.

Carries about \$15bn in debt.

Now, the states and cities will have their debt resched-

# Higher Brazil taxes after IMF squeeze

THE Brazilian House of Leuresentatives has approved legislation to raise federal taxes in 1992, in a bid to bal-ance the federal budget and bring inflation under control. The new law, which would realise up to \$12bm in extra revenue next year, is considered fundamental to the success of the country's negotia-tions with the International Monetary Fund. The House rejected propos-

den on upper-income brackets.

The federal government was forced to make a big concession - the roll-over of \$7000 owed by states and cities to the federal government and foreign banks. The government maintains one of the biggest obstacles to controlling infla-tion is spendthrift local gov-ernment. São Paulo state alone

uled over 20 years, repaying at 6 per cent a year, adjusted for inflation. If the debt has not been fully repaid by the year 2011, the outstanding amount will be rescheduled over another 10 years. The law stip-ulates that the states and cities will not be allowed to issue new debt until 1998.

The federal government, which guarantees the states' foreign debts, is now to be responsible for the negotiation tional banks. The new law also gives the

government the right to issue ments, which should give it more flexibility in meeting debt obligations. The Senate was expected to approve the law late last night. Rio de Janeiro has acknowl-

edged its second victim of cholers, a few weeks after the city recorded its first case of the disease in modern times.

# Treuhandanstalt

#### Invitation: PRE-QUALIFICATION

for a tender of the largest construction group in the surrounding area of Berlin and northeastern Germany

**ELBO BAU AG** 

O-2510 Rostock 5

Märkische Landeskultur- und Tiefbau-Union GmbH O-1561 Potsdam

ntu Norddeutscher Tiefbau und Umweltschutz GmbH O-2500 Rostock

Märkische Bau-Union GmbH O-1561 Potsdam

TUSEK-Bau Neubrandenburg GmbH O-2000 Neubrandenburg

Mecklenburger Bau-Union AG O-2000 Neubrandenburg

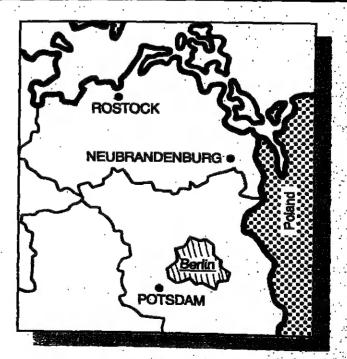
Total group:

Sales in 1991 - DM 1,000,000,000/Employees - 11,000

- 1. The Treuhandanstalt, in accordance with its legal mandate, intends to sell the six aforements
- ned construction companies as a group through a restricted tender. 2. Authorized participants in this restricted tender will be those companies and bidders whose
- cessary qualifications have been established through a pre-qualification process. 3. The pre-qualification process requires submission of proof of:
- a construction industry background (building construction, civil engineering, residential - a management capacity sufficient for the operation of these companies; and
- capital resources of the necessary magnitude. 4. Interested parties are required to submit in writing this pre-qualification documentation along
- with any further relevant information about themselves. No particular form for this documen-The pre-qualification materials are to be submitted in a sealed envelope marked only with the entry "ELBO-Pre-Qualification".
- 6. These materials must arrive latest at the Treuhandanstalt, Leipziger Straße 5-7, O-1080 Berlin, Germany, on January 21, 1992, by 2 p.m.
- 7. The opening of the pre-qualification materials will take place subsequently in the presence of a notary public.
- 8. The Treuhandanstell will decide on the pre-qualification and the interested parties will be 9. The restricted tender for the aforementioned companies will take place within the three (3) weeks following January 21, 1992. At that time, the pre-qualified parties will receive all

These conditions are translated from the German language. In case of dispute the German

sary information about the companies as well as authorization to visit the companies.





## Treuhandanstalt

Central Tender Office Room 4517 Leipziger Straße 5-7 O-1080 Berlin Germany.

Telefon + 49 30 31542808 Telefax + 49 30 31542642 Telex: 305141 thazd

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#### **WORLD TRADE NEWS**





# MacSharry (left) and Madigan: discussions "static" Gatt to deliver draft of final treaty today

By William Dullforce in Geneva and David Gardner

THE URUGUAY Round trade negotiations came to a halt in the early hours of yesterday morning, leaving Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt), 24 hours in which to prepare some 30 final

A 500-page "final act" will go to the printers early today and be handed to delegations in the evening for transmission to governments. On January 13, the governments have to send their negotiators back to Geneva, to decide whether or not to accept a package of agreements intended to expand trade, remove current restrictions and reinforce interna-

tional trading rules.

Mr Dunkel, his aides and the chairmen of seven negotiating groups worked through the day yesterday to formulate credible compromises in sec-tors such as services, intellectual property rights and anti-dumping as well as in the key matter of farm reform. Without an agreement on agriculture, the whole package will be rejected by the US and other

In Brussels the US and the **European Community broke** off a 12-hour marathon effort to resolve their differences over how to reduce farm subsidies at 2 am yesterday but planned to reconvene this afternoon. Dutch Prime Minister Ruud Lubbers, current EC president, joined the talks between EC

Sharry and US Agriculture Secretary Edward Madigan but

with no effect.
An EC official said the discussions had been "static, even going hackwards". There had been no narrowing of the gap between positions on the depth of the curs to be made in subsidised exports. Other issues such as the contents of the "green box" of permitted internal supports to farmers, which had appeared to be close to agreement, had been re-

opened.
Mr Jacques Delors, President of the EC Commission, said in Paris yesterday that there was a "25 per cent chance" of securing agreement in the US-EC farm discussions. The crucial but elusive trade-off being sought will allow the EC the right to include in the "green box" all direct payments to farmers envisaged in the reform of its common agricultural policy. In return the US would secure the cuts it is seeking in EC subsidised wheat exports and the abandonment of the EC's demand for restrictions on imports of non-grain

The whole of the EC delega-tion to the trade talks will fly to Brussels this evening, to take part in the assessment of the draft agreements tabled by Mr Dunkel. The assessment has to be ready for a meeting of EC trade ministers on Monday, which after French insis-tence it is now agreed can be attended by farm ministers.

## **Davidoff and Havana** resolve cigar dispute

H By Frank Gray

DAVIDOFF, the prestigious Swiss-based cigar maker, said yesterday that its two-yearlong trade dispute with Cuba had been resolved with a decision by the Cuban tobacco authorities to cease using the Davidoff brand-name for its own cigars. Mr Raymond Scheuer of Davidoff said the dispute had been settled amica-bly, but declined to elaborate. The dispute began in 1989 when Davidoff announced it

was shifting its cigar manufacturing operations out of Cuba and to the Dominican Repub-

Cubatabaco, the state monopoly, had been in a mar-

keting dispute with Davidoff and, through a Swiss-holding company, had tried to take over Davidoff's retail operations. The takeover bid

Mr Scheuer said that, under the agreement, there would be no replenishment of Davidoff Havana cigar stocks to the group's international outlets. Existing stocks, of which there is about a year's supply, would gradually be sold and replaced by Davidoff Dominican and

ther non-Cuban supplies. The move will affect Hunters and Frankau, which handles a range of Havana imports, including the Davidoff brands.

est American manufacturer, is cutting more than 70,000

cerned that the news will raise the domestic pressure on Mr George Bush, the US president, to take a tough line on trade when he visits Tokyo early next month on his first

of the Japan Automobile Man-ufacturers Association, said ufacturers Association, said yesterday he was concerned that the GM decision had been announced just before the president's visit. It could add to the pressure being imposed by the US on Japan.

The chief executives of the big three US car groups will be among 20 top American businessmen who are accumpanying the president to Japan.

ing the president to Japan. They include Mr Robert Stem-

wishing GM success in its strategy and expressing con-cern for the workers who would lose their jobs and for their families.

Three other makers – Nis-san Motor, Honda Motor, and Mazda Motor – yesterday amounced plans for boosting imports of car parts and local purchasing of components for overseas operations. Toyotz unveiled a similar scheme on

ement. But the compa leading manufacturing compa made goods. Miti wants to have the programme ready by the time Mr Bush arrives.

Aside from the car makers, electronics manufacturers have also been prominen: among the companies involved in the schame, which is called Business Global Partnership and is the latest in a line of import-boosting programmer

Miti has been stung into action by the sharp rise in Japan's trade surplus from \$63bn (£34.6bn) in 1990 to a likely \$100bn this year, which has prompted criticism in Washington and in Europe. The surplus with the US has stayed flat at an annual level

in the US economy next yes

#### Argentina to open car market

In a warning to local manu-facturers, Mr Cavallo said the quota would be increased if

# **US** tension with Japan

By Stefan Wagstyl in Tokyo JAPANESE car makers are bracing themselves for increased political tension over their trade with the US following the announcement that General Motors, the larg-

visit to Japan. Mr Yutaka Kume, chairman

pel, the GM chairman. Toyota Motor, Japan's big-gest maker, issued a statement

Wednesday. Officials said the timing had nothing to do with GM's nies have been under pressure from the Ministry for International Trade and Industry which last month "advised" 40 nies to prepare measures to boost purchases of foreign-

of about \$40bn, but officials could lead to a rapid rise in the bilateral surplus – coinciding with the American pres

The "buy foreign" plans innounced by the makers set ambitious goals. Toyota intends to raise imports from Y230bn (£983m) in the year to June 1991 to Y400bn in 1994 and local procurement over seas from \$8.7bn to \$6.3bn. Nissan plans a 150 per cent increase from 1990 levels to \$1.23bn, and a 280 per cent rise in local procurement to

Honda and Mazda propo

ARGENTINA has announced a car import regime that will gradually open its protected domestic market, ending onths of wrangling between Argentina's three car compa nies and the government writes John Barham in Buenos

Mr Domingo Cavallo, econ omy minister, announced that the government would allow 00 units to be imported in 1992, equivalent to 8 per cent estic output. Imports will rise gradually reach 10 per cent of output

delivery waiting lists extended beyond 90 days. Argentina has three car manufacturers. They are Autolatina, holding company for Ford and Volkswagen operations in Argentina and Brazil; Sevel which builds Peugeot, Fiat and Citroën cars under licence; and Renault, the French state-owned manu-

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DIVIDEND NOTICE The Directors resolved on 11th December 1991 to pay a dividend of 2.5 pence per share to shareholders of the High Yield Portfolio on record on 30th December 1991 payable on 2nd

By order of the Board





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# Job cuts by Hong Kong companies caught in crossfire GM add to The China LIS trade was in facilities and the companies caught in crossfire

The China-US trade war is fuelling uncertainty in the colony, writes Angus Foster

row between the US and China is fuelling uncertainty in a territory which, in most respects, is an innocent bystander: Hong

After the US announcement last month of a list of Chinese exports worth \$1.5hn (£840m) which will face retaliatory tar-iffs unless China improves its protection of intellectual property rights, two Hong Kong companies with operations in China have postponed plans for a stock market listing. A third, a subcontractor for Teenage Mutant Ninja Turtle toys, says it is looking into alterna-tive production centres in

south-east Asia.

Hong Kong fears that the US action, known as a Special 301 investigation under US trade legislation, marks the beginning of an uneasy six months. The Bush administration's decision to extend Most Favoured Nation (MFN) status to China for 1991 has yet to be approved and will be debated in the US Senate early next year; MFN for 1992 will become

an issue from May.

The US is also investigating market access in China under another 301 investigation. This runs until October next year but could become linked to MFN. Less importantly, but

WORSENING trade adding to trade tensions. Chi. Kong of a breakdown in US the US and Europe, and compared between the US nese companies have been. China trade is difficult. But nies remain convinced that accused of dumping and cheat-according to some estimates, if southern China is the cheapest ing on textile quotas. Last month, US consumer groups called for a boycott of Chinese made toys amid claims of child

and forced labour.

according to some estimates, if southern China is the cheapest China loses MFN status, Hong and most efficient sourcing Kong would lose between centre. Toy and electronics HK\$7bn and HK\$10bn in companies moving to Thailand income, 32,000 to 48,000 jobs, and 1.3 to 1.8 per cent of GDP An unsuccessful outcome to in the year of MFN with-An unsuccessful outcome to in the year of MFN with Smaller Hong Kong company of these disputes would drawal. If China retaliated nies would be most affected by

have already had problems with infrastructure and labour. Betjing negotiators are prepared for a tough weekend of talks to try to stave off imminent

\$750m worth of exports to the US. Mrs Carla Hills , US trade represe US trade punishment that could cost China's said on Monday in Washington that she economy dearly, officials said, Reuter reports from Beijing. Western diplomats said the negotiations, which on the US side will be headed by Mr Joseph Massey, na's copyright law that came into effect on assistant trade representative, were China's June 1, and in its patent law and computer last chance to avoid punitive tariffs on software regulations.

seriously affect Hong Kong, which in the past 10 years has become closely linked to the economy of southern China. Hong Kong companies, attracted by cheap land and labour, have moved manufacturing and processing across the border. According to Chinese estimates, Hong Kong manufacturers now employ more than 1.5m people in southern China, twice their

Hong Kong total.

Hong Kong is the main conduit for China's overseas trade.

For example, 70 per cent of China's exports to the US go through Hong Kong. Calculating the cost to Hong

sumer audio-products maker with 20 per cent of sales in the US, points out that companies have been dealing with uncertainty since the 1989 Tiananmen Square killings.

Many Hong Kong companies

including Tomei, have moved some production to other south-east Asian centres in the past two years, particularly Thalland, Malaysia and Indonesia. But the move is often symbolic to reassure buyers in

against the US, Hong Kong's any US action. Lacking resources to diversify in the But Hong Kong businessmen are not panicking. Mr Jack are not panicking. Mr Jack on southern China If China Lau, managing director of lost MFN status, many would be forced out of business. Moreover, most experts in Hong Kong believe that the Special 301 investigation will be resolved before its January 16 deadline. Hong Kong hopes China realises that its relationship with the UK has deaded. ship with the US has changed dramatically since the collapse of communism in the Soviet Union and eastern Europe, and that US business is disillusioned with the Chinese market. China is expected to make concessions on intellectual

property rights, although prob-ably only at the last moment. If there is no agreement by the deadline and retaliatory tariffs are imposed, about \$400m-worth of Chinese exports are likely to be affected. Damage to Hong Kong will be largely indirect, through lost shipping and han-dling earnings, because the US will try and target products made by Chinese state-owned exporters rather than Hong Kong or other foreign compa-nies in China.

While Hong Kong expects a short-term resolution of US-China trade frictions, some analysts say businessmen in the colony have missed the implications of US policy shifts. With President Bush urged at home to get tough on China over human rights and weapons sales, trade frictions have become an established feature of the relationship, not

a temporary headache. "I think China's future as a manufacturing base for export that will affect which compa-nies come to Hong Kong," Mr Robert Broadfoot, managing director of P&E Risk Consultancy, says. If the US takes action, "businessmen may see alternatives, and switch, per-haps to Mexico, Vietnam from 1993 or eastern Europe".

# Rolls-Royce wins Emirates \$500m jet engine order

ROLLS-ROYCE, the UK aero engine maker, yesterday won a \$500m (\$274.7m) order to power a fleet of Boeing 777s for Emirates, the airline of the United Arab Emirates, writes Daniel

The decision to buy the heavy thrust Trent engine from Rolls-Royce goes some way towards soothing the feelings of the European aerospace industry. Emirates rejected Europe's Airbus air-craft in favour of US-made Boeings in a

\$2bn order on Wednesday.
It also increases the uncertainty over who will win the race to supply engines

for other Boeing 777s. Rolls-Royce beat US rivals Pratt and Whitney and General Electric (GE), but lost out in another deal yesterday to a consortium of GE and Snecma of France, which is to supply SF7900m (23543m) of engines to Swissair and Austrian Airlines

Swissair ordered 52 CFM56-5B

engines from CFM International, a joint venture between GE and Snecma, Austrian Airlines ordered a further 26.

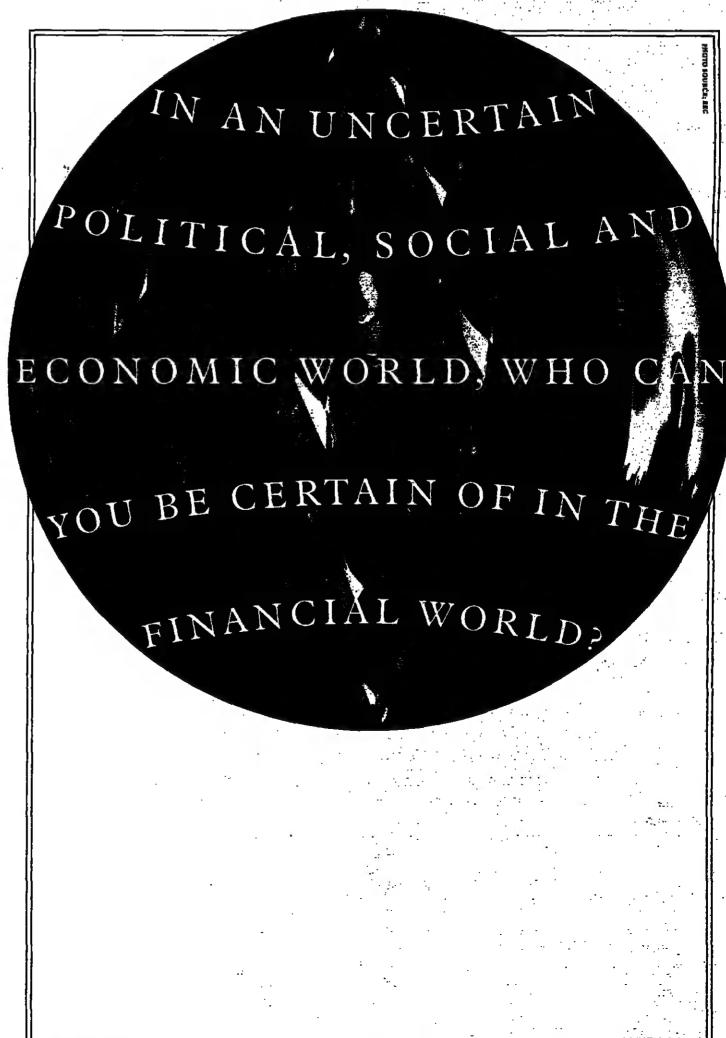
Rolls-Royce said the Austro-Swiss ways' decision in August to power its venture between GE and Snerma, Austrian Airlines ordered a further 26.

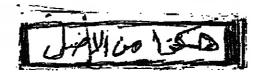
Rolls-Royce said the Austro-Swiss order was "disappointing". City of London analysts said there was now a shrinking market for the medium-haul V2500 engine, supplied by the International Aero Engine consortium which includes Rolls-Royce and Pratt and Whitney of the US.

Whitney of the US.
The Emirates order was for 36 Trent

777's with GE engines.
Both Emirates and Swisselr said their decisions were based on commercial considerations, including price. This is the second order for the Trent/777 combination. The first was

from Thai Airways International in Sep-





# International missile business at risk, say MPs

to be worth at least £500m to

replace Britain's Bloodhound

company's own new-generation

Rapier 2000 low-level air-de-

fence system. Raytheon would

be prime contractor.

This proposal is pitched against a joint bid by GEC-

Marconi and Eurosam, a con-sortium comprising Aérospat-iale and Thomson-CSF of

France and Alenia of Italy. The

weapon proposed by Eurosam, the SAMP-T, is part of a planned new family of missiles based around a naval system in which both BAe and GEC-

Marconi are involved as UK

Hughes of the US is believed to be competing with a land-based version of its Advanced

Medium-Range Air-to Air Mis-sile (Amraam), jointly with Sie-mens Plessey Defence Systems and NFT of Norway. Bids for the contract were

due in yesterday. A decision is

expected late next year. The RAF's Bloodhound 2

missiles, introduced in the

1960s, were withdrawn from service in July. There is expected to be a gap of at least five years before the replacement is introduced. The competition takes place amid a lively con-

troversy over the degree of suc-cess achieved by the Patriot system against Iraqi Scud mis-siles during the Gulf conflict.

air-defence missiles.

By David White, Defence Correspondent

BRITISH INDUSTRY'S future the opening of US-European in the international missile contest for a contract reckoned business may be at risk, MPs

warned yesterday.

A House of Commons defence committee report complained of slow progress by the Ministry of Defence in deciding on a new short-range missile to equip the Royal Air Force's Harrier and planned European Fighter Aircraft jets.

The order for development and initial production may be worth some £700m. It is considered vital to the guided weap-ons activities of British Aerospace, whose Advanced Short-Range Air-to-Air Missile (Asraam), using a guidance system by Hughes of the US, is having to compete against two other bids.

These are a version of the French Mica missile proposed by GEC-Marconi in conjunction with Matra, and an updated model of the current US Sidewinder. The committee said the programme had been "effectively stalled" for the

past two years.

"Meanwhile, the opportunities for the UK to export an Asraam-type missile, and this country's missile development and production capabilities are in danger of withering away," it said. It urged the MoD to take into account in its analysis the impact the contract award would have on UK industry's "ability to develop and build advanced missile

The committee said a con-tract was not expected until late next year. But the MoD is now understood to be planning

The report coincided with

Car output falls on weakening exports

UK car production in November fell heavily by 18.7 per cent, the fourth sharp monthly fall in succession writes Kevin Done, Motor Industry Correspondent.

Despite the deep recession in the domestic new car market, UK car output was sustained earlier in the year by a big jump in production for export markets. Output has fallen heavily in the last four BAe is bidding against its own European partners by teaming with Raytheon of the US in promoting the Patriot missile used in the Gulf war. BAe's proposal would com-bine the Patriot with the UK months, however, as weakening demand from export markets has begun to compound the still falling level of production for the domestic market. On a seasonally adjusted basis car production in the six months to the end of Novem-

ber was 13 per cent lower than in the previous 6 months and 11 per cent lower than in the same six months a year ago.
According to figures released yesterday by the Society of Motor Manufacturers and Traders and the Central Statistical Office, car output in November fell to 115,823 from 142,417 in the corresponding month a year ago. Production for export at 60,337 was 8.5 per cant lower than a year ago, the second successive monthly year-on-year fall, while output

than a year ago. Unusually in each of the last four months car output for export markets has exceeded production for the severely

55,486 was 27.4 per cent lower

depressed home market.
In the first 11 months of the year car output has fallen by 3.9 per cent to 1,157,335 from 1,203,777 in the corresponding

1,203,777 In the corresponding period of 1990.

This decline masks a 29.4 per cent drop in output for the domestic market to 594,120, while production for export has jumped by 55.8 per cent to 563,215.

**EDUCATION** 

# Quarter of seven-year-olds struggle to read

MORE than a quarter of English seven-year olds have difficulty with reading and basic mathematics, with a sig-nificant variation in results between local authorities, the publication of the seven-year-old test results revealed yester-

The results of the tests in English, maths and science conducted this Easter - the first such national figures to be published - divide seven-yearolds into three main groups: those performing at the level to be expected of a five or six year old (level 1); those per-forming as expected (level 2); and those at the level of a typical nine year old (level 3).

Overall, performance in science and English is better than maths. In science, 90 per cent were at level 2 or beyond, with

23 per cent at level 3; in English 78 per cent were at level 2 or beyond, 17 per cent at level 3; while in maths 72 per cent were at level 2 or beyond, with only 6 per cent at level 3. The results also showed notably better perfor-mance by girls than boys, par-ticularly in Natish ticularly in English.

Most local education authori-

ties had between 78 and 84 per cent of their pupils at level 2 or beyond, but there were notable variations for authorities with

not dissimilar social composi-

The London borough of Brent, for example, had 79 per cent of its children at level 2 or beyond in maths, while the west London borough of Ealing achieved only 65 per cent. The results mean that one in

four seven-year-olds cannot distinguish between odd and even numbers or read, write and order numbers up to at least 100; that they cannot demonstrate knowledge of the alphabet, spell simple words correctly or read indepen-dently, and that they cannot understand the notion of angles, or explain the most commonly-used units of length, capacity, weight and time. In other words, they are functionally illiterate and innumerate, to use educationalists' jargon. Variations within subjects and between local education

authorities are striking.
Mr Kenneth Clarke, education secretary, said such variations were unacceptable.
"Social and economic factors do not provide the full explanation for the variations. There are some inner-city authorities towards the top of the rankings and some counties towards the bottom", he said.

Mr Jack Straw, the opposi-tion Labour party's education

English children appear to be well behind their German counterparts in mathematics

spokesman, blamed poor levels of achievement on the govern-ment. "These results have turned out to be a test of the government's record in educa-tion: they've failed badly," he

lor, Liberal Democrat educa-tion spokesman, described them as "common sense", and called for more pre-school education for three and four-year

tion: they've failed badly," he said.

Mr David Hart, general secretary of the National Associa-

"The teaching profession will take on board the implications of these results, but it should-be praised for ensuring that well over 70 per cent of seven

# German schoolchildren lead the numbers game

By Andrew Adonis

IT IS NOT easy to say how the children tested this year in England compare with their opposite numbers on the Con-tinent because most children in the EC start school a year

Nor does any country have a national testing regime to match that developing in England and Wales under the

national curriculum.

Even so, studies in the mid-and late-1980s by Mr Sig Prais, of the National Institute of Economic and Social Research, comparing performances in England and Germany found the English to be particularly weak in mathematics.

This is the area producing

Examining the performance of 15-year-olds in the lower half of the ability range in the two countries, Mr Prais found: • 66 per cent of German pupils were correctly able to solve 389.59 - 88.64 + 529.5 - 712 = ?, while only 4 per cent of pupils in England got

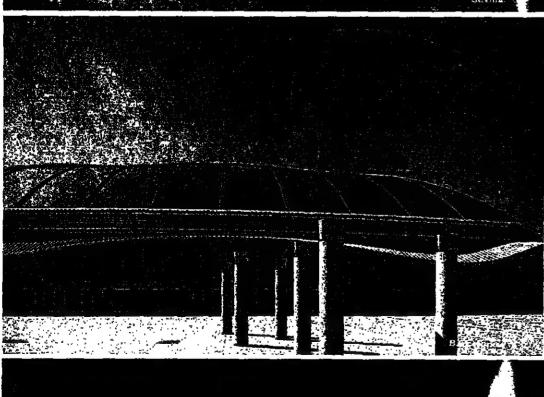
the right enswer to 2.8 - 4.12 + 6.3 - 0.44 = ? 6 59 per cent of German public solved 543.75 ÷ 12.5 = ?, while only 10 per cent of public in England correctly answered 40 ÷ 0.8 = ? Since this year's tests found. 27 per cent of seven-year-olds incapable of knowing and

en-year-olds in this year's the right answer to 2.8 - 4.12 up to the figure of 10, that tests.

Examining the performance 

59 per cent of German A recent report by Her Majesty's Inspectorate on French primary education found whole-class teaching with blackboards to be general in maths classes, with each child having a small slate on which to write answers. No "progressive" mathod, there







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NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHT.

#### Duty Free International, Inc.

7% Convertible Subordinated Debentures Due 2001

Redemption Date: January 19, 1992 Conversion Right Expires 5:00 p.m., New York City time, January 19, 1992 (CUSIP No. 267084 AA 9)\*

Duty Free International, Inc., a Maryland corporation (the "Company"), hereby notifies you that it has elected to call for redemption on January 19, 1932 (the "Redemption Date"), pursuant to the provisions of the indenture, dated as of April 15, 1961 (the "Indenture"), between the Company and The Chase Manhattan Bank. N.A., as thusted, all of its outstanding 7% Conventible Subordinated Debentures Due 2001 (the "Debentures") at a redemption price of \$1,080,000 per \$1,000 principal amount of Debentures, together with accrued and unpaid intensit from April 15, 1991 to the Redemption Date of \$53,28, for a total of \$1,113,28 (the "Redemption Price") for each \$1,000 principal amount of Debentures. The Redemption Price will become due and payable on or after the Redemption Date upon surrander of the Debentures to The Chase Manhattan Bank, N.A., or Banque Bruxellee Lambert S.A. as Paying, Transfer and Conversion Agents with respect to the Debentures (collectively, the "Agent"), at the addresses set forth in this Notice, interest on the Debentures will coase to accrue on and after the Redemption Date.

At any time grid to 5:00 p.m., New York City time, on the Redemption Date, when the conversion injet expires, the Debentures may be converted into shares of the Company's Common Stock, \$0.01 par value per share (the "Common Stock"). The number of shares of Common Stock issuable upon conversion of the Debentures is determined by dividing the principal amount of the Debentures to Common Stock (the initial conversion price of \$46.25 has been adjusted to reflect a two-for-one stock split effected by the Company's Common Stock (the initial conversion price of \$46.25 has been adjusted to reflect a two-for-one stock split effected by the Company of \$4,000 in principal amount of Debentures is convertible into approximately \$5, 1991). Based on the Tompany's Common Stock Debentures are convertible in whole or in part in any integral multiple of \$5,000, No tractional share will be made on the Debentures from April 15, 1991 to the ot

Still p.m., New York City time, on the Redemption Date, when the conversion right appress, will be redeemed at the Redemption Price.

Holders of Debentures who convert will be mailed stock certificates for the number of full attents ultimately issueble as a result of their conversions and chacks for scorued interest to the date of convention and any fractional share interests.

As long as the price of the Common Stock is greater than \$24.513 per share, holders of Debentures will, upon conversion, nacely Common Stock and cash in like of any fractional share (excluding interest thereon), with a market value greater than the amount of cash recalable upon redemption of the Debentures. Bessed on the text reported side price on the NASDAC National Market System on December 18, 1991 of \$45.25 per share of Common Stock, the market value of Common Stock that holders would obtain by converting each \$1,000 principal amount of Debentures into shares of Common Stock (including cash representing accrued interest to the date of conversion and cash received in like of any fractional share) on that day would be \$2,003.42. Trading of the Company's Common Stock commenced on the New York Stock Exchange on December 18, 1991, Holders of Debentures should obtain current market quotations for the Common Stock.

In summery, you have the following three atternatives:

1. Prior to 5:00 p.m., New York City time, on January 19, 1992, when the conversion right suphres, to convert Debentures. As long as the price of the Common Stock is greater than \$24.513 per share, Debentureholders will receive Common Stock and each price of the Common Stock and cash in lieu of any fractional share (excluding interest thereon) with a market quotations for the Common Stock and share of the price of the Common Stock and the cash resource of the Common Stock and the price of the Common Stock and the cash resource of the Common Stock an

Transmittel, must be surrendered to the Agent tisted below. Debentures in bearer form the Debentures, but if mail is used, cerified or registered mail, properly insured, is recommended.

The method of delivery of the Debentures is at the option and risk of the holder of the Debentures, but if mail is used, cerified or registered mail, properly insured, is recommended.

Each registered Debentureholder, and upon request, each holder of Debentures in bearer form, will be provided with a copy of the Company's Prospectus relating to a standby arrangement entered into in connection with the redemption of the Debentures. Debentures are encouraged to review such Prospectus, particularly the sections captioned "Selected Consolidated Financial Data." "Price Range of the Company's Common Stock," "Redemption of the Debentures," and "Description of Capital Stock" prior to making any decision with respect to the conversion, redemption or safe of their Debentures. Copies of this Notice of Redemption, the Letter of Transmittel and Prospectual may be obtained from any of the Conversion and Paying Agents isted on the attached echedule, or the Company, Investor Relations, Duty Free International, Inc., 19 Catoonah Street, Ridgefield, Connecticut 08877, telephone number (203) 431-6057.

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Schedule of Conversion and Paying Agents

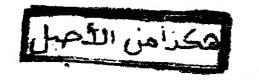
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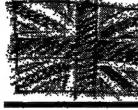
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**BRITAIN IN** 



#### Manchester plans £100m new runway

A £100m plan for a second runway at Manchester Airport was announced yesterday. The airport's board said the 9,000ft runway and a 2,000ft extension to the existing one were vital to the region's economy and would create 50,000 jobs.
Opponents said the scheme would bring chaos and vower to fight it "with every legal means available".

#### Ulster forum on the future

An independent commission has been established with a \$250,000 budget to assess possible future scenarios for Northern Ireland. "Initiative '92" is supported by local industrialists, religious leaders, academsupported by local inducations ists, religious leaders, academics and victims of terrorism. The Northern Ireland Office said it welcomed any initiative which promoted discussion. Financial backers include the Joseph Rowntree Charitable Trust. It has been set up inde-pendently of the British and frish government and Unionist or nationalist politicians but it has not ruled out taking evidence from politicians before publishing a report.

#### Scotland first with bank code

Bank of Scotland has become the first UK bank to publish a Code of Banking Practice which will apply to all its cuswhich will apply to all his cus-tomers. The code contains safeguards for bank customers which go well beyond the min-imum standards agreed for the industry this autumn. The new code comes less than a week code comes less than a week after the British Bankers Asso-ciation published a code pro-viding guidelines for bank customer relations which took nearly two years to prepare.

#### **Edington bank** payments out

The first payouts to depositors caught in the collapse of the Edington merchant bank in Manchester in April are being sent out this week by KPMG Peat Marwick, the bank's administrator. Depositors are getting 50 per cent of their money back now, with a prediction of another 40p in the pound over the next two years. Edington, the merchant-banking arm of Henry Cooke, the Manchester-based stockbroking and financial services group,

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MAASTRICHT DEBATE

# Hurd defends Lamont over currency issue

Mr Douglas Hurd, the foriegn secretary, last night defended the refusal of Mr Norman Lamont, the chancellor of the exchequer, to say when he thought it would be in thritain's interest to stay out of Britain's interest to stay out of a single European currency, even if criteria on convergence

had been achieved.

He argued that the economic and political arguments likely to be relevant in 1996, or whenever the decision had to be taken, could not be foreseen at the present time.

taken, could not be foreseen at the present time.

Mr Hurd insisted the challenge by Mr Kinnock, the Labour leader, on the issue on Wednesday made "no sense".

Opening the second day's debate on the outcome of the EC summit at Maastricht, he praised the "remarkable negotiating achievement" of Mr John Major, the prime minister, and the chancellor in securing a full part for Britain in uring a full part for Britain in shaping the future of economic

and monetary union.

They had also preserved, he said, the freedom of Britain's government and parliament to decide "when the right moment comes" whether to

moment comes" whether to take part or not.

Mr Hurd described the agreements reached on foreign and security policy as satisfactory, and denied that any issue of principle had been involved in the differences with Germany over the recognition of Croatia following the breek-up of Yugo. following the break-up of Yugo-

slavia.

The argument had been about "timing" and the compromise which was reached

Douglas Hurd had not involved the use of qualified majority voting.
Underlining the difficulties encountered at Maastricht, he said it was not until "late" on the final day of the negotiations that he felt confident that agreement would be reached.
Mr Hurd brushed aside the
decision of Mr Norman Tebbit,
the former Conservative party

government at the end of the debate and announcements by other Tory backbenchers that they would abstain.

He forecast the government would win "a good majority".

A different verdict on the support that they would win "be compared to the support that they have be able to the support the support of the support that they are the are they are the are they are the are they are they are they are they are they are they are t summit was given by Mr Ger-ald Kaufman, shadow foreign secretary, who maintained that "on issue after issue" the prime minister had failed to achieve his negotiating objec-

Recovery in

## franchise losers fail in court bid

**Television** 

By Robert Rice, Legal

TWO of the losers in October's auction of UK television broadcasting franchises last night failed in their attempt to get a judicial review of the cision to award the licences

to other bidders.

Lord Donaldson, Master of the Rolls, rejected the applications of TVS, the incumbent licence holder for south and south acceptances. south-east England and of TVM an unsuccessful bidder for the Northern Ireland fran-chise on the basis that they had delayed too long before deciding to challenge the Inde-pendent Television Commis-sion's decision. In theory the law gives them

until January 16 - three months from the date of the original ITC decision - In which to mount a legal chal-

ienge.
TSW, which lost its licence for south west England despite outbidding the eventual win-

outbidding the eventual winner Westcountry TV, has already been granted leave to bring a judicial review by the Appeal Court.

Lord Donaldson will hear the TSW case in the week beginning January 20.

But he said yesterday the circumstances of the TVS and TVMI cases were different from those of TSW. TSW had announced early on that it intended to challenge the franchise decision in the courts and as a result no licence had yet been granted to the winner of the south-west franchise.

TVS and TVNi on the other hand had not indicated they intended to challenge the decision in the courts – TVNi had actually said there would not

actually said there would not be a challenge - and as a result new licences had now been issued.

was forced into administration after several local authorities declined to put funds back on deposit shortly after withdrawing them to balance their year-end accounts, as was previ-

#### Scotland late Economic recovery in Scotland will be very singgish with lit-tle evidence of improvement until well into 1992, according to the latest Fraser of Allander obstructed'

A House of Commons commi Institute quarterly economic survey. It says the most intriguing feature of the recession has been the difference between the behaviour of the Scottish and UK economies. In September 1989 the Scottish jobless rate was more than one and a half times that of Great Britain. By October the differential had narrowed and in the last four months Scotland's second of the second of the last four months of the second of the last four months. seasonally adjusted jobless fig-ure actually fell as the UK fig-ure continued to rise.

#### Banks guilty over care

Britain's banks have been guilty of high-handed behav-iour in their treatment of business customers and of deliver-ing an unacceptable level of Peter Walters, chairman of Midland Bank.

#### Sponsorship for sport

The government announced a £3m business sponsorship incentive scheme to attract companies into sports sponsorship for the first time, with the promise of pound-for-pound government funding for areas such as inner city sport and sport for young people.

#### Poor month for unit trusts

Unit trusts had a poor month in November, with net sales falling to £53.4m, the second lowest monthly figure this year. A fall in world stock markets meant that total funds under management dropped to £55.9bn, from £58.5bn at the end of October. The total num-ber of unit holder accounts also fell, to 446m. The Unit Trust Association said that the BT share issue may have played a part in diverting funds from the industry. A campaign to persuade inves-tors to switch their BT shares into unit trusts was recently launched by the UTA. Gross sales for the month were 2691m and repurchases were 1631.6m.

#### Town Hall pay suffers

Local government workers and civil servants have fared significantly worse in pay rises than other public sector workers in the lifetime of the current parliament, according to an analysis published by the Public Finance Poundation.

of local government workers and civil servants has risen by about 34 per cent, whereas police have enjoyed 40 per cent increases, armed forces 42 per cent, and health and edu-cation 38 per cent. The public service average is 37 per cent, against the private sector's 40 per cent.

# **Eurotunnel 'not**

tee has emphatically rejected complaints from Eurotunnel, the Channel tunnel operator, that its commercial prospects are being compromised by bureaucratic interference. The committee found there was no evidence that public authori-ties responsible for the tunnel were guilty of obstructiveness in vetting Eurotumel's plans. In a report on tunnel safety which calls for a stringent poli-cing regime, the committee backs the high standards being set by the official Safety Authority.

#### Welsh accounts qualified

An unauthorised payment of £15,563 to the former chief Board of Rural Wales in com isation for unpaid leave has led to the board's 1990-91 accounts being qualified. The payment to Dr Iain Skewis, who took early retirement in December last year, was not approved by either the Welsh Office or the Treasury, said Sir John Bourn, the comptroller and auditor general. He also qualified, for the third year running, the accounts of the government's social fund, which makes loans to benefit claimants.

#### River safety to be reviewed

The Department of Transport handling of river safety in the light of the Marchioness pleasureboat disaster on the Thames in London in 1989 is to be the subject of an indepen-dent investigation. Mr Malcolm Rifkind, transport secretary said the inquiry would exam-ine the department's handling since 1960 "of its responsibility for the safety of vessels on riv-ers and inland waters". It would also "report on the effec-tiveness of the present approach and take account of developments in the field of marine safety at the interna-tional level". The disaster claimed 51 lives when the dredger Bowbelle collided with the Marchioness.

#### Asian cable TV to be launched

The first European cable tele vision channel aimed at Asian people is to be launched in Britain. TV Asia will offer entertainment and films in languages for Indians, Pakis-tanis, Bangladeshis and Sri Lankans. Broadcasts will start on January 1 on Coventry's

#### **UK NEWS**

COLLAPSE OF BCCI

# Call to reopen inquiry into money brokers

A COMMITTEE of MPs said yesterday that fresh evidence had "invalidated" the Bank of England's earlier conclusion that there was no misconduct by money brokers who placed local authority funds with the Bank of Credit and Commerce International

The Treasury select committee, which is investigating the losses suf-fered by the authorities following the collapse of BCCI, called on the Bank to reopen its inquiry into the conduct of the firms.

The Bank of England is not alone in facing implied criticism in the first parliamentary report on the collapse. Local authority officials, government policy and Whitehall departments are also

criticised. Written and oral evidence presented to the committee by the Western Isles Council, which suffered the biggest loss, and by R.P. Martin, the money broker which acced as intermediary for half the local authority deposits with the bank, led it to believe that misconduct may have occurred.

In its report released yesterday, the committee also calls on the Bank of England to re-draft the London Code of Conduct, which governs the activities of participants in the money market.

It says the code should be "rewritten more precisely so the current opportunities for misunderstanding are removed", adding that the committee has "yet to reach a conclusion on the Bank of England's conduct of it's supervisory duties". This will be the subject

of further investigations. The Bank of England said yesterday it was "carefully considering" the recommendations. It can withdraw a firm's licence to operate as a money broker if it decides that the code of conduct has been breached.

The report also comments that: Local authority officials should have

appreciated their duty to ensure the creditworthiness of banks with which they placed deposits, instead of relying

 "On-lending", the practice of borrowing money to deposit at a higher rate for profit, should not be carried out by local authorities. Of the £23m deposited with BCCI by the Western Isles, £16.5m was borrowed in excess of spending requirements.

 Government policy should be changed so that local authorities do not have to manage large cash surpluses.

## British Gas agrees to halve share of industrial market

BRITISH GAS, the privatised power company, was heading for another row with its regulator last night over an agreement it reached earlier in the day with the Office of Fair Trading to halve its share of the industrial gas market by 1995.

1995. The OFT has been pressing The OFT has been pressing British Gas to make substantial changes to its business in a move to ancourage more competition in the UK gas market.

Mr Robert Evans, British Gas chairman, said the deal with the OFT, which also involves hiving off its pipeline and storage system into a separate company within the group, was conditional on the regulator making changes to a new pricing formula for domes-

regulator making changes in a new pricing formula for domes-tic customers which was signed earlier this week.

Ofgas, the industry regula-tor, said last night the new pri-cing formula, limiting domestic price rices to figure representation. price rises to five percentage points below the rate of infla-tion for the next five years,

had become law and British
Gas had to comply with it.
Mr Evans said: "We are not prepared to accept the domestic tariff formula as it now stands, as well as agree to interests of our 18m customstands, as well as agree to these OFT proposals. I have stressed to Sir Gordon Borrie

director general of fair trad-ing) and to government minis-ters that this is a complete package and cannot be sepa-rated." rated."
The OFT said British Gas's conditions were "alien" to enything it had discussed with the company, and were "totally unacceptable".

If British Gas refuses to stick

to the domestic pricing for-mula, it could face a reference to the Mcnopolies and Mergers Commission by the regulator.
Mr Evans was specifically trying to avoid that as British Gas
fears that an MMC investigation, which could take up to a year, would create too much uncertainty for the company.

British Gas has agreed to cut its 90-per cent share of the industrial market to 40 per cent by 1995.
It will do this by releasing

500m therms of gas – eight per cent of the 7-bn-therm market – to competitors in the year from October next year. Details of the scheme will be worked out in January between British Gas and the

regulator, but they are likely to take the form of a supply The City believes the cut in British Gas' market share wil have only a small impact on the company's profitability. One analyst estimated that its profits could drop by £150m in 1995 — out of total profits of close to £2bn. Mr Evans said yesterday British Gas had seen the OFT's

# Tax moves may help boost house market

yesterday to kick-start the housing market by abolishing stamp duty until next August for most house sales.

The move, which would save the average housebuyer several hundred pounds, appeared designed to boost Conservative electoral fortunes ahead of the

general election.

The first significant tax change outside a budge: in 12 years of Tory government was announced by Mr Norman Lamont, the chancellor of the exchequer, alongside measures agreed with mortgage lenders to engineer a "decisive fail" in the number of evictions.

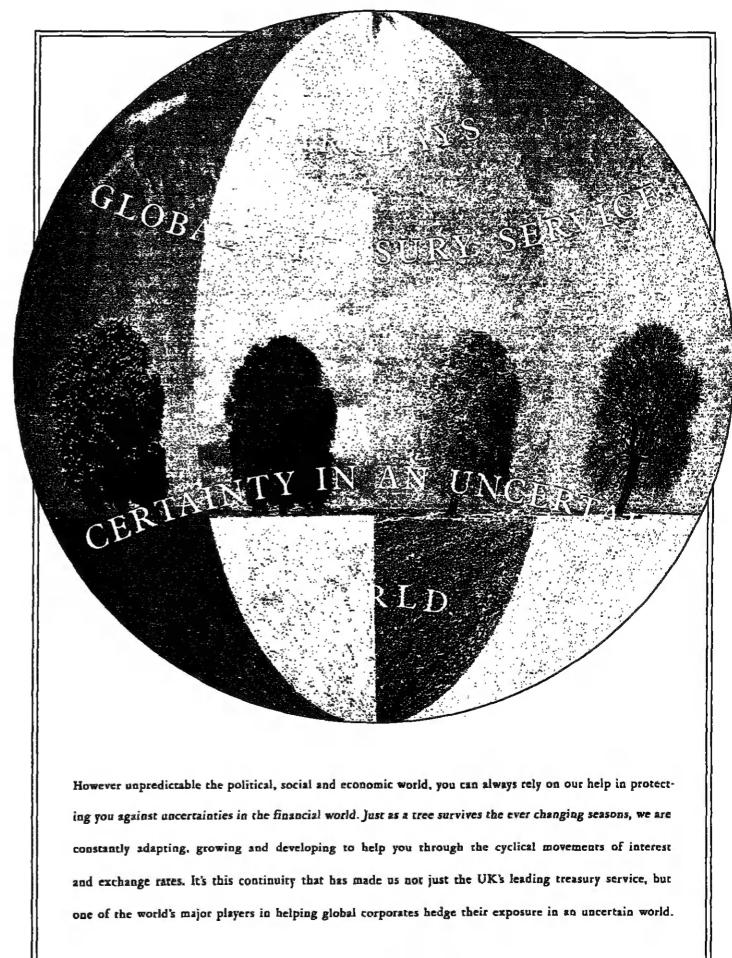
At the same time, mortgage lenders, including some of the banks, have put up £750m in special schemes to help hard-hit borrowers.

Mr Peter Birch, chairman of the Council of Mortgage Lenders, whose representatives met the government yesterday for the third time this week, said the package would greatly assist recovery of themarket.

The funding will go to help borrowers remain in their homes under two types of scheme. Homes will either be bought by housing associations or directly by the lenders, with the householders becoming tenants, though in some cases they might retain part of the equity. Local authorities are expected to have to pay out about £50m extra in housing

benefit Ministers are also to introduce legislation making it the norm for income support cover for mortgage interest to be made direct to the lender.

Lenders have pledged that they will not repossess homes where borrowers are making reasonable regular payments. This could be as low as a third of their usual monthly pay-ments. The package betrayed ministerial fears over the ris-ing tide of evictions and the prospect of a flat housing market stalling a recovery in con-sumer spending. Joe Rogaly, Page 15 Lex, Page 16





THE GLOBAL TREASURY SERVICE

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Hogg does his own filing, writes his own letters and keeps his own appointments in a month-at-a-glance pocket diary. He travels light. When he left his small office at Court-MY OFFICE aulds in September for an even smaller

one at Reuters, his only luggage was a foot of filing and three shelves of management books. The most used thing in the office is the bin," he says pointing at a functional metal dustbin with a plastic bag lining. "I am ruthless about

throwing things out."

Sir Christopher's office is tidy to the point of being unlived in. As part-time chairman, he spends only three days a week in the rambling Fleet Street building. The rest of his time is spent on the business of Courtaulds and Courtaulds Textiles.

where he is non-executive chairman. There is a slight sense of a man displaced, exaggerated by his insistence that the non-executive chair-man must keep out of the way of men running the show. Indeed, before he installed himself at Reuters, he made a point of consulting each of the managing directors first.

"There are one or two things I could do to be useful here," he says with a modesty that sounds wrong on the lips of one of the most suc-cessful managers in Britain. Those things include being a pivot between the executive and the non-executive directors and acting as the eyes and ears of the company in the outside

"Hair-shirt Hogg" as he is some times known, has made no attempt to prettify his new office. A Welsh tapestry that was the sole decoration at Courtaulds, has not been trans-

apanese car makers are

suffering from labour shortages and what amounts to "a cultural revolu-

tion" in their factories. So says Dan Jones, co-author of "The Machine That Changed the

World", the book on "lean" production published a year

Now Jones says there are

new pressures building, and

that younger Japanese workers

in the industry are starting to display what he calls "fatigue with manufacturing" syn-

With 50,000 Japanese return-

ing from assignments overseas each year, it is no longer possi-

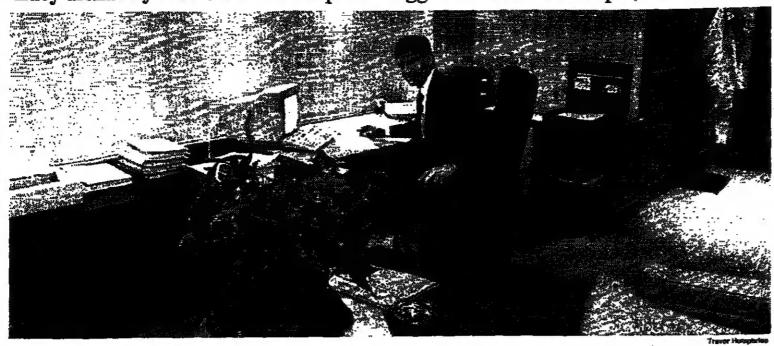
ble to prevent western atti-

tudes towards work and "qual-

ity of life" permeating Japan's offices and factories.

The stamp of anonymity

Lucy Kellaway meets Sir Christopher Hogg in a room free of personal touches



Sir Christopher Hogg: "The most useful thing in the office is the bin. I am ruthless about throwing things out"

ferred. Instead he seems quite happy with a room scarcely more than 10 feet square, furnished in a combination of non-matching styles.

Heavy orange-tinted wood panelling and highly varnished oil paintings strike an odd note with the alumination of the strike and the strike and the strike and the strike at the strike and the strike at the strike and the strike at the strik

minium double glazing, the functional black coat rack and modern filing cabinet. Two over-stuffed blue silk armchairs squeezed around

a glass coffee table look as though they have never been sat on. Sir Christopher spends all his time at his desk, a modern affair with draws, pushed up into a corner.
Sir Christopher will not be drawn into any criticism of his office. "I think it is very nice. It is much smaller than the executive directors,

but I don't give a damn," he says.

away in a smart directors' suite at all. I like light and air, an open door, wandering around all the time, and always in shirt sleeves.
"This," he says gesturing to the
office, "isn't typical Chris Hogg at

he doesn't really like being shut

Also untypical of him is the com-puter on his desk, which he has for the sole purpose of getting to know If he has any complaints, it is that

Reuters products. "I am sceptical about people having terminals in their offices. My job is to take a global view on companies and their strategies, and for that I need my brains, a decent filing system, books, conversations with people, and above all the telephone.

"I spend a lot of time talking to people - to suppliers, customers, to others in the industry, to the Great

and Good. I want to see Reuters as
the people who deal with it see it."
Rather than sit in his own office,
Sir Christopher would much rather
go and see people in theirs. He reckous that not only are they more at
ease, but that the office itself is
revealing. "I look for size, functionality. I'm sensing formality versus ity. I'm sensing formality versus informality; money spent versus

value for money."

The main cine in Sir Christopher's office is his bookcase. This contains an impressive collection of manage. ment classics, all well thimbed. Half a dozen volumes of Harvard Business School text books, John Harvard Jones, Tom Peters, Michael Porter, lots of books about Japan. My all time favourite is Robert Town-send's 'Up the Organisation'. Then-you have to have a couple of Druckers. You have to have 'Small is Beau-

Another cine comes from his support staff. "I've never understood how anyone could have two secretaries - I've always shared one," he says. Her main job is to protect him from unnecessary interruptions and to make his travel plans. She might type a letter for him once a fortnight. By the time I've called her in, dictated the letter and she's typed it, it is quicker to do it

Myself.

As he works in three jobs, the
most important things are his brief
case, and more recently, his pager.
The neat black brief case contains a The neat black brief case contains a series of papers in coloured plastic folders. "You have to be tidy. I'm much better now, but once a week I still say Bother, I've left that in the other place".

His pager makes him even more enthusiastic. "I hate to give an adfor British Telecom, but this thing costs first 632 a quarter Your don't

costs fust £33 a quarter. You don't have to tell people where you are you are released from all that has sle."

Morale is the main issue

By Paul Taylor

do more to restore and improve morale and employee satisfaction if they are to sustain a competitive edge, a study from International Survey Research

suggests. ISR, an international consulting organisation specialising in the design and implementation of employee attitude surveys, argues that employee satisfaction will be the competitive weapon of the 1990s and that company objectives like improving product quality and custon service "can only be achieved through the committed efforts

that while British companies have begun to reverse a downward spiral in employee satisfaction which began in the late 1980s, they still have

a long way to go.
ISR's data shows that
between 1977 and 1987. significant progress was made in improving employee satisfaction levels in the UK. In particular, reactions to company management and to compensation improved markedly. However, in 1988 there was a steep decline in morale which continued in 1989 and showed no sign of abating in 1990. As a result, ISR's employee satisfaction measures sank back to their evels of the late 70s.

But this year, based on 140,000 employees surveyed in the UK, ISR said there was some evidence that this decline had halted as son managements bucked the recession to boost morale.
Employee attitudes towards communications and lob

security continued to decline only 38 per cent said they were satisfied with internal communications compared with a peak of 44 per cent in 1987, and 61 per cent with job security compared with 78 per cent in 1987, Perceptions of working relationships shows a significant negative trend for the first time. However reactions towards work organisation, company management, immediate boss, performance appraisal, career

development and job satisfaction all stabilised.

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FOR BUT TO LOSS AND TO SOME

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appleations that

The fatigue syndrome John Griffiths on pressures in the Japanese motor industry skilled workers at all levels of relatively loose ties to the rest

of the business. "But there are too many now - and they sim-ply won't put up with the old ways of just living to work," However, he warns that

western producers should not expect Japanese car makers to become less competitive as a result. On the contrary, Japanese plants are moving on to a new stage of productivity improvements – by introduc-ing even higher levels of auto-mation to complement lean production techniques.

In the past, those returning Lean production has been could be accommodated in an "international division" with dependent on the efficient organisation of teams of multithe company, and on highly flexible machines to produce lower volumes of products in great variety.
The Massachusetts Institute

of Technology coined the term "lean" production because the system uses less of everything: "half the human effort in the factory, half the manufacturing space, half the investment in tools, half the engineering hours to develop a new product in half the time".

This does not mean, says Jones, that the Japanese have any intention of reducing their own flexibility by introducing automation on a monolithic

scale - "they are perfectly well aware that "blockbuster" automation is a roadblock, as some western companies have lready found out. Instead, the Japanese are using automation to help people perform their-

He points to Flat's Cassino plant, producing the Tipo and Tempra, as possibly the most automated in the world - but as not providing Flat with its hoped-for counter to Japanese manufacturing competitiveness and flexibility. "You need to sort the organisation of your people out first," he insists. Implicit in his remarks is that, once again, the industries

of the west will be reacting to another Japanese initiative in an attempt to stay in the car development and manufactur-ing race. Are they destined, in the end, to fall? Jones' highest hopes appear based on the Ger-man industry. He acknowledges that Mer-He acknowledges that Mer-cedes' initial reaction to the MIT book was "horror", partic-

ularly over a section describing an (unnamed) German luxury car maker as spending as much effort rectifying cars as Japanese spent building them. Nevertheless, says Jones, "there is strength in the German industry. They might never take the lead but they could give the Japanese a run for their money. They could take a lot of cost out. The Germans have also got the salu-tary example of (high Japanese

market penetration) the US to



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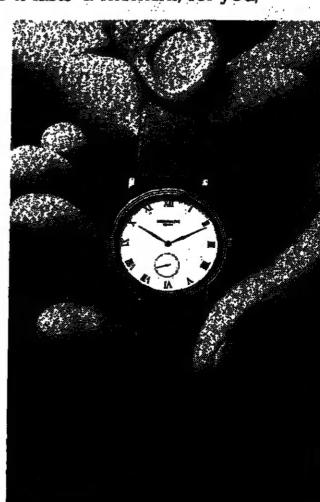
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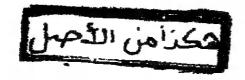


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#### TECHNOLOGY

# The morning after the night before

Paul Abrahams offers advice for those trying to cope with seasonal over-indulgence

ollateral damage from the office party has been significant. Movement could be terminal. You swear - yet again - you'll never drink again. Anyway, what exactly did happen after the mistletoe incident?

Morale is

B's Paul Taylor

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3.37

It's that hangover time of the year. More than 40 per cent of all alcohol sold in the UK is shipped during the last quarter of the year - the season of goodwill and excessive alcohol. And surprise, surprise, 40 per cent of all hangover remedies are sold in the four weeks around Christmas.

Hangovers have been around as long as alcohol. So, too, have attempts to find a cure. The Egyptians reckoned cabbage was the answer while the Greeks consumed parsley. The Romans went for owlets' eyes and sheep lungs.

Prevention is, of course, bet-

ter than cure. The best, though least popular method of pre-vention, is undoubtedly absti-

Lining the stomach before over-indulgence is also sup-posed to work. My great uncle Adolphe, swore that a cup of clive oil more or less sealed the stomach-lining from any subsequent alcohol intake. He lived

Games galore at Hamleys



to a reasonably old age. Milk or a light snack is supposed to have the same effect.

at Sterling Health.

What is known is that alco-hol is a depressant - drink The problem is that it is far from clear what happens once those seasonal gin and tonics have by-passed the olive oil and hit the bloodstream. There

hol is a depressant - drink enough and it will depress the central nervous system enough to make you stop breathing. Alcohol also irritates the stomach lining, causing inflammation and that unp has been surprisingly little academic research on the immediate effects of alcohol on that accompanies the body, according to Dr San-dra Savage, medical controller not received by alcohol.

drinks contain toxins and other colourings and flavour-ings which may much damage as the alcohol itself.

Drinks with the worst chemicals include red wine, brandy and whisky - hence their reputations for engendering the worst hangovers. The purest alcohols are vodka and gin. Ironically, low-alcohol and

non-alcoholic beers may also create hangovers, because of the chemicals other than alcohol that they contain, according to Savage. Clearly there is no justice in the world.

Those trying to minimise the risk by mixing water with their whisky may be doing more harm than good. Once diluted, alcohol is actually absorbed into the body more quickly, she explains.

Finally, body size is an important determinant in gauging the effect of alcohol. It may not be that you've consumed too much alcohol, just that your body's too small. Given that it remains uncer-tain how drinking alcohol actually causes hangovers - only that it does - what, then, are the best methods of getting rid of them? Research in to the best cure for hangovers was

recently conducted among 200-odd FT journalists - who bet-

Drink as much water as you can with an analgesic. Drink tea or coffee sweetened with honey.

ter qualified? Remedies offered

could a remote Take tomato juice, raw eg and Worcestershire sauce fol-lowed by a cold shower. control which automa cally many the VER by • Eat a substantial 'fry-up' tapping in a string of number fried bread, eggs, sausages, found next to programme information is and dally black and white pudding and

grilled tomatoes.

• Drink a Glaswegian hang over care involving Irn Bru (a Scottish beverage) topped up with Tabasco, will and pepper.

However, Savage says there is no evidence that sugar or carbohydrates help hangovers. Similarly, the benefits of vita-min B and C are unproven, at

The other alternative is to Seltzer, Andrew's Answer, Eno or Master Most of these contain an (aspirin paracetamol), an initial to settle the stomach and various other substances ranging from C and glucose.

Of course, the best way to avoid the whole business is to practice moderation. That way, you might just remember what happened under the mistletoe.

#### Computer James in the office

Video recording

IT me anomaly of Christmas

that all the best television

programmes are screened

merrymaking. Hence the

video recorder comes into

- at least for

that are like the technically

The VideoPlus, which has

been available in the the US

on sale in the UK

this month, through

Technology Marketing,

London, be and be

types of TUPs (Philips

and Ferguson are man exceptions, although the manufac-

turer, Gemstar Development

Corporation, of Pasadena, California, plans to rectify that in the Mass Year). By opening

the can be pro-grammed in operate with particular VCR.

the user wants to

she Lang the man number

In the newspaper or maga-zine, taps it less the unit less

then one of three but

programme M management

once up on a daily up weekly

a las on the hand-he

and Canada for many

articulate enough to record

when wiewers are

by numbers

AS EVERYONE knows, it is computer games, writes Emiko Terazono. In Japan, salary men - interiors - tank found a way to make generally

unused word processors: mahlong water game which can implayed on the word pro-This software, designed by Ascil, in Japanese maker, in manufactured by Toshiba, Matsushita

to be played us learn processors made by each of the III-The player competes computer opponions and there are 20 skill levels to Dece i Level Although lead assumes diligent will

#### WORTH WATCHING by Della Bradshaw

acknowledges that **were ma**v play during work hours.

#### Garbage in, poetry out

IT'S more blessed to give than receive, they say. what better gift for iterary-minded than iterary-minded than items. quote retrieval Apple Macintosh IBM patible personal computer. Intended to enliven the

most dismal or dullest article, Quotemaster developed in the III by Penncomp Development, of Houston, Texas. A lik version, in improved supply of local quotations being sold Guildsoft,

To use the software the writer was maked by either single keyword w by cate-gory — was state as riches, was and wealth might all im found under a "money" for example. History could have particularly the quotations made un un Aspiring authors can also
Leal in (and hele their own
quotes for ralls and

#### Keeping within safe limits

IT may had be the perfect paysonal Line Line Line Saleguard 6000 could

save a few driving linear. of Long Island, Law York, Inalcohol machine machine which is now being installed In pube and in the UK by the Use Breathalyser

Company, London.
The Safeguard requires the driver blow through a machine. A sensor inside

levels and me reading is lysed by computer. we exact reading of the alcohol level is produced in and displayed .... to the legal limit - in the UK this 35 microgrammes of alcohol per IIII millittres of

measures the breath alcohol

breath. I computerized voice also announces the results. are also classified lour categories: no alcohol, moderate levels, impaired and legally intoxi-The company claims the machine

within per cent.

#### Matsushita bangs the bongo drum

JAPANESE salarymen can now earn extra points during the year-end karaoke parties by cheering the same on with Bongo-Bongo, Matsush-industrial's electronic synthetic drum, Imme Emiko

A small tap on the drum pad can produce 11 on Bongo-Bongo, which is the size of a saucepan. as birds recorded and played lac. at different tempos.

Matsushita Introduces the and a walle,

#### CD cases have got it covered

STOCKING filler for those compact the enthusiasts who plastic Le cases could cardboard box replacem

The cases are aiready being the in read compa-nies because the the state of them in produce covgraphics that used to appear on manager in termina

Tinsley Rabor, Interpretation of the Control of the US, Interpretation of the US, Interpretation of the brightlycoloured boxes, each with strong, plastic

Contacts: German: UB, 518 798 5700 Video Technology Marketing: UK, 091 746 5373 Tophiba: Japan, 3 3457 2105, Canon. Japan, 3 3468 2157. Fujima: Japan 3 2316 7316 Guildeolt: UK, 0752 606200 Aleohol Breathalyser Company, UK, 081 740 8703. Matsushita: Japan, 3 2876 1237 Tinsley Rober: UK, 0245 774 000.

# Game Boy's high score

Della Bradshaw goes shopping for gifts for high-tech children

hat III you buy for high-tech children III Christmas? In Hamleys, the up-market toy the III London's Street one item has proven Street, one item has proven particularly popular: the Nintendo Game Boy.

The sleek, black hand-hald

unit with monochrome screen wards, backwards and leap around.

The cult status of one such hero. Super Mario, the advanturous Brooklyn plumber, has boosted the electronic game to the number one slot, ahead of rival Japanese manufacturer Sega, says Peter Skinner, mar-keting manager at Hamleys. Sega has been slow in gain-ing ground on Nintendo with its hand-held unit, Game Gear,

in spite of its own cheeky character, Sonic the hedgehog.
"Somehow Sonic has not caught on."
"But I many ways he more endearing character (than Mario)."

Skinner

larity and a stablished position on the market. For some, might the play a part:

Game Boy retails at including one game, Tetris, a shapes puzzle; the Game Gear, packaged with a similar game, £109.99.

Ous hundred pounds, appears, is not too much for parents to spend these days.

The Game Boy is the sort of thing a perent might be per-suaded to buy," points out Skinner. Grandparents, on the other hand, appear to be easily

"persuaded" to buy 🐩 🖾 accompany the

rachine. For retailers, Game Boy's success of sood news. Not only in it is market but, it is in the high price-ticket item. ahe providing healthy reve-

Surprisingly, however, the Japanese grip on the kiddy computer market the strength of the stre pany, Grandstand, makes a range of emerald and white plastic computers which look-just like the one mummy or daddy brings from the

in Hamleys is Grandstand's Laptop Computer, intended for children aged seven and over

and retailing at 279.99. Nine double-sided mini discs, covering 18 different subjests, can be slotted into the machine to sursuits **u** counting and spell-

Staff as Hamleys report that they needed over 430 "laptops" delivered in

There's a let at the party parents of younger tillfund about buying toys with an educational value," points at Such interest in educational toys has extended electronics

to even the tiniest of tots. As well as the talking dolly and teddy bear, this year has seen Industrial, Canon and Fujitsu, the electronic story book, one year old, and retailing wi £10.99. A strip of pictures down the right hand side of the page make appropriate
when pushed at the
right section of the A
could be enlivened
by a clown, for example, or even a roaring lion. lunch hours. The -----



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#### THE PROPERTY MARKET

O little town of Bethlehem You're vastly o'er supplied Air con'd full serviced property Is going for a dive No hope of reaching asking rents Your banks are sore perplexed The hopes and tears of this past year Are nothing to what's next

Thus County NatWest heralded 1991, providing ■ rare note ■ humour in a memorably mirthless year. Its downbeat message proved justified. By the year end, average property values had fallen by some 12 per cent and property shares, which had been in downward spiral for years, had fallen by a further 16 per

The year opened with the threat of war, receiverships and redundancies overhanging the industry. Never, it seemed, had the market faced such uncertainty. Some property analysts admitted that their forecasts of writedowns and asset values were little more than stabs in the dark.

The first hint of spring seemed to allay the worst fears. As the Gulf war ended and banks became more sympathetic towards the plight of companies which had overborrowed, it seemed that the crash might not be as bad as that of 1974, after all.

Property shares were swept up in the stock market rally which greeted the conclusion of the Gulf war and anticipation of base rate cuts. Even the most fragile companies railied on recovery hopes. For instance, the share price of Rosehaugh, the overborrowed company headed by Mr Godfrey Bradman, bounced from 60p to 105p.

The buoyancy of the market inspired a stream of rights issues in which 10 property companies raised a total of £470m. Most trumpeted their desire to make acquisitions, although the need to repair their balance sheets was often a more convincing explanation.

But hopes of early recovery in the

A year of living on the edge

By Vanessa Houlder

spring proved illusory and the property market, far from recovering, went into a new phase of its downturn. Even though the rising yields which had driven down values in 1990 started to harden, falling rents started to inflict heavy damage.

The property market was squeez between the deepening problems of the UK recession and the results of the building surge in the late 1980s. Many well-located, well-built properties could not find tenants, while poorer quality buildings or those in undesirable locations did not have a chance.

The worst affected areas were the City of London and the neighbouring docklands. Canary Wharf, the gleaming chunk of Manhattan on the Isle of Dogs, announced a mere trickle of deals, leav-ing 19m sq ft or 43 per cent of the buildings under construction unlet. The number of empty buildings elsewhere on the Isle of Dogs was even worse. The City's vacancy rate grew to

nearly 20 per cent, particularly around the fringes, where street after street was plastered with letting boards. Falling demand from tenants cast a pall over improvements in the investment market. Although there were buyers for modern well-let properties (in the summer Equitable Life bought 17 business parks in a single deal and for-eign spent on City office blocks in a single was

no market for unlet properties. This spelt disaster for the "developer trader" breed of property company, which depended on letting and selling properties to pay their interest bills. More than 230 property companies went into receivership or administration, including Berish Berger's Land &

Property Trust, City Gate Estates, Alpha Estates, Erostin and Sheraton.

Many others were taken into intensive care. By the end of the year, the share prices of some 20 quoted property companies, including one-time lumi-naries like Mountleigh and London & Metropolitan, had sunk to 10p or less.

But even the leviathans were not mmune. MEPC, the UK's second largest property company, made provisions estimated at between £150m and £200m on its development programme, Hamrson made a £90m provision on a Manhattan development and Slough estates announced a fall in profits for the first time in 44 years. The misery seemed to embrace everybody affected by the property industry. The surveying industry made sweeping redundancies, particularly in companies that relied on agency work. Many aspiring surveyors recently out of college had a hopeless ask finding suitable work. The outlook for architects was equally bad. Opportunities in Continental Europe provided the only consolation.

Even tenants, who might have expec-

market, often felt badly-used. Companies that wanted to move offices were unable to assign their existing leases. And tenants were horrified to discover that their rent reviews did not take account of the difficult trading conditions. In May, tenants in London's fashionable South Molton Street went on

strike in protest at high rents.

The downturn also changed the face of cities, by making ambitious new developments unviable. In London, schemes at King's Cross, Paddington Basin, the South Bank and Chiswick went on ice.

Even the winners seemed paltry by comparison with the losers. The best performing part of the market was the unglamorous, high yielding industrial sector. The stock market was increasinging dominated by Land Securities. Its solidity, once seen as stodginess, became an undisputed virtue.

Otherwise, any company that could won plaudits. One example was Argent Estates, an ambitious private property company run by two lawyers, Michael and Peter Freeman, which managed the rare feat of raising money in the US. Great Portland Estates managed to shrug off worries about its central London office exposure and raise money for

a £100m spending spree.
But the greatest dash was cut by Mr
John Rithlat of British Land. Mr Ritblat, who survived the last crash by the skin of his teeth, has spent more than 2500m since January 1990.

The short list of conspicuous buyers underlines two points about the market Either cash-rich buyers are thin on the ground or they are biding their time, waiting for an improvement in the market. Rither way, it suggests that a recovery will be a drawn-out affair.

It is a sombre end to a sombre year. Nonetheless, the property market can chutch at one straw of comfort: 1992 in most unlikely to be as bad as 1991.

# Investor confidence stirs

nvestor confidence fell again by 0.5 per cent, appears to be on the rise, bringing the annual rate down according to the Investment Property Databank (IPD). In November, IPD tected the sharpest positive movements in its monthly index since October 1989. The total return was more than 0.5 per cent and capital growth

0.1 per cent. IPD draws comfort from the rate of net investment, which has been positive for the fourth successive month, and a slight downward pressure on yields. However, rental values

was only barely negative at

to 3.2 per cent.

If these trends continue into December, IPD predicts that the total return for the year should be below zero, with capital growth at -7.5 per cent (and rising) and rental growth at 4.0 per cent (and falling). All three sectors continued

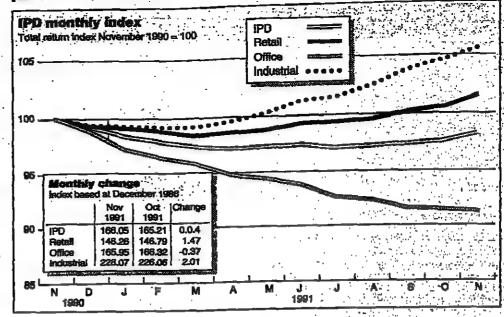
to show improvement in their year-on-year capital growth, although the retail and industrial sectors are improving much faster than the office

Total return in the retail

sector increased by 0.5 per-centage points to 1.0 per cent and capital growth showed a positive result - 0.4 per cent for the first time in 1991. Total returns for offices

improved from -0.8 per cent to 0.2 per cent. Rental values fell by -1.0 per cent, and 0.7 percentage points year on year. Rental values in the industrial sector dropped by -0.5 per cent, the single largest fall this year. Capital value

growth was marginal. The total return now stands at 5.5 per cent for the year to November.



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Interested firms should write to or telephone the Airports Branch of the Department of the Environment at Chamber of Commerce House, 22 Great Victoria Street, Belfast BT2 7LX. Telephone (0232) 239844. Fax (0232) 239390.

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#### Phantom of the Opera SHAFTESBURY THEATRE

The alternative and of The he better I ically. Phoniom of the Opera, as I suppose we must call it while it lasts, turns to be full of fun, has some spookiness and build-up in his Phantom which is entirely lacking in the Hill/ MacNeill version. The Lloyd is a thoroughly enjoyable show. Were it not for the fact Webber Phantom is that the Andrew Lloyd Webber close to psychological drama because of the strength of the musical backing: the music version | playing only five minutes' walk away at Her Majesty's, the praise would considerably higher. the play. At the Shaftesbury, nearer to pantomime.

To make seatten even more confusing, the production the opened the Shaftesbury on duesday is actually the original to the confusion of dnesday is actually the original stage verice. Written by Ken Hill of Cars and Softly Softly fame, it was impented at the Newcastle Playhouse in had a spell at The In Royal, Stratford East and comes to us production from the Churchill Theatre, Bromley, Lloyd Webinto the act much later, and almost stole the show.

Almost, but not quite. Phantom a good enough tale to be appealing in the form it comes. Hill and musical director, Alasa MacNell, had the perfectly reasonable saying the piece set in the Paris Opera. the music should come from played there, notably Gounod's Poust. performance part of the plot. Also thrown in an selections from Offenbach, Mozart, The Donizetti. The final songs are from Lucia di Lammermoor and Don Cinnomia.

striking of the singers: orchestra would better if we were meant That ought to be powerful the music seriously.
Some people might
see this Phantom by mistake
Lloyd William bopes stuff. It ought to seem very pretentious of Lloyd Webber to to try to compete with a crainent composers. In truth is, however, that Lloyd mon his own is better than a pointed. The Hill version pleasure in the mind right. choice from your 100 but tunes. And the reason is

Malcolm Rutherford

The Great Pretenders, which toured for a month before arriving here, plays at the Gate until January 11. Hours afterwards I can still feel the wonder I felt as I watched. This is leavely due to a flort are in the case.

largely due to a first-rate cast, led by Louis Hilyer as Gene-sius, John Straiton as Diocle-

tian, and Jamie Newali in six different roles. Only Clara Sal-aman lets the side down as the

fortune-teiling Camilla - too forced, not authoritative enough - and yet she too has

made the character haunt ma.

which the Lloyd Webber pro-

inlmitable: that is the crashing

Carlotta was chandeliered".

nothing sumptuous, nothing quite on the Lloyd Webber

scale. Whenever it approaches feeling, it stops for a laugh.

Nevertheless, the production has its moments. There is a wonderful scene when the his-

top. The element of pantomime is strong, even down to the line

"Oh no you don't". Christina Collier as Christine is the most

man's, down-market Page

In the end, this is the poor

## The Great Pretenders

**QATE THEATRE, W11** 

The Gats Theatre here and brings in superb four-month season of Spanish Golden Age plays to a brilliant climax. The Great By time, we're less, but to Lope brings to surprise of all. In widens the whole scope of the action to an awesome degree work of Spanish but and turns it into a work about martyrdom. Just as this drams was starting to seem a brilalso m surpassingly great achievement baroque a play be in same in same of Velasquer's Las
Meninas. It is astonishingly
fine evening in the theatre, liantly baroque feat of juggling life and art round and round in life and art round and round in the air, like Corneille's The Hussion (seen last year at the Old Vic), it turns out to be heroic and tragic, like the same playwright's Polyeucte (seen this summer at the Gate). So you see? It is a history play, after all. funny, moving and taut with suspense. And here it is excel-

lently played and staged.

The author is Lope de Vega.

I have been highly excited to see the plays by his contemporaries, Calderon and Tirso de Molina, in this Gate season, but Libbalk The Chert Beston. but I think The Great Pretenders shows that Lope was the supreme dramatist of that high summer of Spanish art. It keeps you guessing on every level. It is about Diocletian and his rise to become Emperor
Rome in an era of intrigue and
treachery, when I Emperor succeeds another with bewildering speed. This is, you think, a history play. its resemblance to those by

Shakespeare, or indeed to Laurence Boswell, one of the guiding spirits of this Spanish season, directs. He gives the play all the great intensity no, for now we meet tie actor-manager Genesius, who which the Gate can handle so well, and he honours Lope's spirit by eliciting a perfor-mance style that is now realiswill perform for the Emperor. Suddenly this becomes a play about theatre, and the connecric, now heroic, now comic, now classical. I would love to performers and stage acquire kind of keen irony that know how many liberties with the original 1 Johnston
taken. Maybe not many.
He has plainly found delight in
the layerings of the
amazing work, and, without
drawing the layerings of the know in Next, however, real life overtakes the players such a degree that the action becomes half wonderfully ludicrous, like the Cru-mmleses' Juliet (in

erness of his own, he gives that delight to the audience. Alastair Macaulay



A lithograph of Napoleon's horse, Marengo, 'Emblematic 🚽 📖 🛌 😘 downfall', by 🎞 🚐 Ward, 🖽

# A draughtsman who would paint

Susuu Moore is pleasantly surprised by James Ward's drawings

amm will belongs to that torcategory artists fated to ability it ambitton. He persistently own limitations, in 1798 to renounced to own limitations. In 1798 to renounced the dreadful drudgery of a lucrative career Engraver in Mezzotint to the Prince of Wales in establish in the a painter. Gaining reputation to greatest anipainter in the day was not enough for him. The was the in landscape, a limit which, characteristically, he wouldn't be the characteristically. sought in the little Rubens. Ultimately he aspired to the elevated ranks of the history painter. He struggled for six years
inish patriotic "Allegory of
Waterloo".

Moreover. Iles a something deeply unpleasant about the facture of the pictures. It surface of his famous painting, I masterplece of the Sublime in Romantic painting, colossal "Gordale Scar" in the Tate, is a case in point. The thickly impasted paint is dry crabbed, if it were working the engraver's burin.

ward's brush and his pretentions, quite sensibility emerges. On show the Museum Cambridge (until suary List first exhibition devoted to his drawings, watercolours and rints, organised by I am Maria Train small and inter-him as one of the most sensitive and interesting draughtsmen II 19th century

No detail is insignificant. Ward

There is one season of the year when St John's is sure to be full. The hall is the

perfect Christmas music, more homely in than than and

with in former church interior retaining

just the right ambience, so it is a surprise to find capacity audiences the To capitalise in privileged position St John's working Christmas hard. A couple of the privileged position hall discovered

that three performances of the United with the same artists would still have

for taken in the door. This year

whole of present week given an imaginative Christmas

featuring seasonal music (mostly for

choirs) through the ages, framed by the

are being given, as before, by the under Harry Christophers. Fall I

CONTROL MENTION.

The Sixteen

ST JOHN'S, SMITH SQUARE

pail and the hob-nailed arms of a sleeping boy's boots, copying the sculpted drapery a figure from Parfrieze. It sociable ahandon of sleeping pigs, or the line of sheep on the move a ward's fresh attention to Truth, preligures I Pre-Ra-phaelites. In the remarkable sheet ae notes the progress of a sheep a dip: wide-eye with fear the water, hauling itself onto the bank, and emerging or crouched legs, dripping and bedraggled. I images marked contrast to battles Nature

raged on the subtlely all and in to bject. An avenue of birches or a horse's forelock are the state of the control of the contro skeleton is recorded with great precision in wash, wash,

Ward's idiosyncratic personality emerges as his taste for the exotic — such as Zebu at III at William Park, or last soldiers and in Landau — the freaks. He sought out and drew, presumably in the spirit of scientific inquiry, a nonagenarian charcoal burner who live with his wife and eight "Caerphilly Junbo", a rell to William innkeeper; a Finchley labourer who was a "striking and le of ignorance". He portrayed the insane, the homesick, and

chose to ment their man adventurous

on Tuesday of 16th and early

17th-century sacred music. The Trailing is

one several which search out this material and perform it to

a high limital standard. It is a fully

professional choir, with women rather than boys, and thus produces an impres-

sive refulgence of sound.

immatter how scholarly the approach.

the performance of music from this period

always be men through 20th-century eyes, and if that seems particularly so in the case of The Sixteen, then it is difficult

to pinpoint why. There was no communication of the communication of the

though a tendency to cosset the

music was overdone in a pair of old

the picked heads of Botany Bay men. A description a Journey Snowdon led him to "two singular abertations" which feature prominently here: Mary Thomas and Ann Moore, "the fasting visits to the min women illus claimed not to have for six we were years, will privately published an angular of indings in 1813. Ward made various of Ann Moore sitting up in [11] lib ber cottage, "a position but which she wardes". A few weeks before publication.

varies". A few weeks before publication his subject and denounced a fraud. Ward thought the story interesting enough to proceed, dedicating his pseudo-scientific research is Sir Joseph Banks.

The show closes with in etchings. Ann Moore made for a Account, with six of the 14 prints of "Celebrated Horses" in the relatively medium of lithography. Here again, unlike comparable earlier venture. A Review of the Turf. Ward includes in extraordinary the peculiar, such in Little Peggy, sain Tibetan pony.

Most successful of all, however, is his depiction of Napoleon's horse Marengo,

depiction of Napoleon's horse Marengo, captured at the Battle of Waterloo and bought to London by Lord Petre. The trapped, in the sea; his mane streaming out in an echo of the sky streaked by the setting sun.

The horse is emblematic of master's

downfall. This highly emotive image . more affecting commentary in contemporary history than the histrionic "Allegoy of Waterloo". James want is far better

The strength of the evening came from imaginative selection of music by lit-tle-performed composers, such as Richard Hygons (c1435-c1509) and Juan Baurista Comes (1582-1643). Each of the Comes items was full of exuberance, pitting a small group of singers with harp and theorbo against a larger choir, bolstered on this occasion by a proud trio of sackbuts. A good idea, too, to place his music alongside plainer settings of the same by his compatriot, Victoria.

A few problems with BBC equipment delayed the second half. Will waiting, the choir and theorbo busked a carol 🚮 🖥 will 🖿 amusing 🐚 if their "Ding dong merrily on high" finds its way into the radio relay ... light-hearted extra

Richard Fairman

## Le nozze di Figaro COVENT GARDEN

Although the bicentenary day is behind us, there is no moment if which to turn our away from Mozart. The Royal Opera is embarking on a cycle of the three Da Ponte comedies, reviving Le nozze di Figaro and Cosi fan Man as produced by Johannes Schaaf and entrusting ill me production of Dan Giovanni to him

The wisdom of this plan will

have be weighed in the balance when the trio is complete. I have not seen il Cosi, but came with mixed feelings from Figuro on Wednesday. The opera munder grand classical cupola adorned with painted cherubs, while a large of the folle journee. But everything lains ceiling level a and and a limit is no a jumble of too many clever in the impression the impression spent hours in rehearsal time pondering significance of every moment and is the that is singers that register them all. Nobody is the same all a grant all a grant all a grant all a down per minute and the result is an over-acted 

The producer is interested in the politics of the period warning bells stairs ring loadly. Lucio Gallo, making his Royal Opera debut, was a fine www.well-sung Latin Figaro, clearly sympathiser with the new egalitarian He was paired with McLaughlin's lively Susanna, highly praised when production new, on

between them suggested that this marriage might well turn out no happier than that of

their superiors.
It is a household where Ibservants are always one step ahead. Thomas Allen's well-drawn Count caught nicely the deflated pride of a middle-aged constantly frustrated in his Unfortunately
Schaaf's of things has his wife portrayed III II sad fond of the in danger 🖬 losing her dignity altogether, which in the limit of Countess I want 🖿 🔤 Felicity Lott, the elegant of sopranos, asked to sing. Her broadly-phrased "Dove sono" least limit some

recompense.
As Cherubino, Christiane Oertel came in Little Lord Fauntieroy and though she was her two meatly enough. Most of all I enjoyed walker's Marcellina and Gwynne Howell's Doctor Bartolo, both unhackneyed portrayals on the right side of comic exaggeration. Regrettably could not said to Tear's way-over-the-top Basilio. What I mined from all the cast, to a greater or degree, was if it people stage who might touch

heart. When the singers adrift from the orch—it was always because they were 🖍 front. Jeffrey Tate took 📠 music consistently a notch slower than we expect these days. I prominent in Klemperer fashion the general feeling was similarly firm and stolld, much revolutionary

Richard Fairman

# Swan Lake

SADLER'S WELLS

"If it's Christmas, it imis 🖼 Tchaikovsky", as the coach-parties know only well. London City London city London eschewing omnipresent nuterackery, has brought in Lake for to the Wells. The version is honourable – in essence, the production originally mounted in Moscow in 1953 by Warling This to use most of the state composed by Chaikovsky hr in 1877. Promision choreography was of Ivanov's second act

- and subsequently to produce the ballet at the Paris Opera. he dissess of the Opera, for respecting forces, intentions, and the responded at Tuesday night's opening of the with lively performance. It lively, ed, in the man of the version fully equipped this abomination - who mopped and mowed and with unendurable vivacity. We may have to breed a strain of myxamatosis to reduce this scourge, once

and for all. The best thing about the evening 🗓 👊 📆 in which with entire dedication in the refinement

but witness involvement company's involvement in every role, every step. to like that lines of Bourmeister's In The Control of the argument. The list is told in bold emotional colours in that it may still range our feelings, and LCB's artists work eagerly in this and (The ballroom scene, alare von Rothbart's cohort of wait for betray his and to vividly effective). The from the medium and marmoreal min if more established presentations it reminds Lake is will a tragedy all love, and not merely a tragedy few dancers are worthy of its challenges. Leading die performance Yelena Challen proposed an

 a princesse lointaine ■ grlp Siegiried's imagination. Her Odile seemed in hour in but I am told that 🚞 was suffering from 'flu, and it is make frmise comment. Pankova needed. Ill mure a larger stage in order that her style, and the choreography, might fully, yet the purity and distinction of her movement spoke everywhere of Danie and nature. It is partner Kirill Melnikov, a sure cavalier, but not 🖬 this performance the or impassioned 🔳 princes.

Clement Crisp



The Brooklyn Museum in New York organised a major retrospective the italian director Luchino visconii, to be in 17 screenings on successive February 29. Entitled Visconti: Maestro of the Movies, the retrospective explores in depth the work of one woutstanding figures in Italian cinema. Among the films to a are the rarely-seen Ludwig (1973), which will open the series; the complete director's cut of The Damned (1969); Death in Venice (1971); Senso (1954), a magnificent Venetian woman (Alida Valli), infatuation with an Austrian soldier (Farley Granger) leads her betray family and country; and a rarely exhibited print of White Nights (1957), based on a Dostoyevsky short story about a doomed love affair and starring Marcello Mastrolanni, Maria Schell and Jean Marais. There will also I chance . see Ossessione, with which visconti made his directorial deb in 1942. The film, an adaptation Visconti made his directorial debut

he Italian Managenitor in it was followed by La Term Trans. (1947), a struggle in the stru of the screenings be by renowned and experts contained beginning to the Washington Down is heaving a signing two-year Cennedy Copera In Due to a dispute. of the screenings 📶 be dispute, productions of Don Carts Glovanni had performed using only a keyboard accompaniment, rest season in jeopardy. Now everything can proceed as planned: a new production of Les Contes Elsenhower Theater Michael Myers in La Inc. nia (12 performances till Jan 29). Hampe's production Handel's Agrippina opens on January 4 (runs till Feb 8). premiere Land, by Chinese (Jan 18). Performances the Opera House Cav and

■ EXHIBITIONS GUIDE AMSTERDAM Van Gogh Museum Edgar Degas:

Hollander on Feb 22 (tel 416 7800).

Pag on Feb 15 and Der

Sculpture. Degas put only one ill the dame Cain will The il his sculptures on show during Postman Always Rings Tales Fourteen-year-old Dancer, This exhibition presents 73 bronzes and was rest from a large number of wax and clay models work, and as young the in action, horses, warms bathing and drying themselves. Ends Feb print-making France THE LATER SHOW AND THE Rijkamuseum Rembrandt a major exhibition bringing together paintings I I Berlin, Arminetten and London, and capitalising 🖏 🝱 🔤 t attribution. 1. A companion exhibition drawings by Rembrandt his pupils, plus 🔊 etchings, 📥 ■ BARCELONA

Frank Gehry, The Japanese sculptress, author of a sculptural group in Engardens with Palau Land Jordi in Barcelona, presents her with Utsuroshi series of sculptures, together with a miletim in paintings and sculptures produced MANNA 1980. The exhibition in work by in Andrew architect Frank Gehry (b1929) includes 26 projects by models, drawings photographs,
are Walt Disney
Hall and the Olympic Village in Barcelona. Ends Feb

#### **BERLIN**

English carols.

Altes Museum Martin Schongauer: Engravings. All extensive anniversary of the Schongauer, the great of German art. Ends Feb 16 Nationalgalerie Otto Dix: major

retrospective marking the centenary III one III IIII towering figures of sentury German art, in the latest of his portraits, brothel

Magl and To Gift: To limited of Communication giving and through

LONDON Victoria - The

windows, Italian majolica, manuscripts and etchings by Dinir and Rembrandt. Ends Jan III Was Visions of Japan, centreplece of the Japan Festival, Ends Jan 26 National Gallery Paula Rego: acrylic paintings small works on paper. stemming from her time as the museum's line associate intell in 11 Ends March 1. Also The Queen's Full III Ends Jan III Tala Gallery A major painting by Francis III. (b1909), 5-Version of Triptych 1944, inc. been Tale by the artist. the neinting, made in the item. in

Giorgio Morandi (1890-1964): 48

Gallery 1980, and is included in a room which offers the case as study the development of Bacon's work since 1944. Ends IIII 12. Also

etchings by one of the great figures in modern Italian art. Ends Feb Also Tara Richter (b1932): I'm major mum lo eminent living painters. Fram Jan 12. Also Anthony Caro (b1924): and I work by the Dilling sculptor. Plus Turner's Rivers Europe. Ends Jan M Royal Academy Katsushika (1760-1849): sketches, paintings 150 printed works by the 150 printed works in The West, Ends Feb 9 Barbican Japan - Britain: dialogue 1850-1930, with and others who contributed in Jan 📲 Hayward

■ MADRID

Certification and Lyubov Popova: more IIII IIII paintings works paper by a leading ssian avant garde. Ends Feb

Toulouse-Lautrec. Ends Jan 19

■ NEW YORK

Metropolitan Museum 🖬 📶 French Architectural Ornament Drawings 2 the 100 century: " items, mainly drawings all watercolours for candelabra, clocks, furniture, carpets we Ends I 15. Also Than Carry (1894-1964); Im first retrospective La American modernist for more was years Ends 16. Also a major Seurat exhibition and another

in his neo-impressionist followers. Ends Jan 12 Whitney Museum of Ant Alexander (1898-1976): than 50 works by the innovative and popular Arrange Smith (b1949): a mld-career survey of the Californian who rein Im past III years. Ends Mandi

■ PARIS

Centre Pompidou Mar Ernst retrospective, and collages, paintings and drawings showing the great Surrealist painter reveiling in the Unconscious. Ends Jan 27

Elegance and Fashion in 18th century France: sumptuous materials and dazzling craftsmanship characterise 80 From French Regency
the Revolution. Ends (107 rue Rivoil) iusée d'Art Moderne 🔤 la Ville Alberto Giacomelti (1901-66): exhibition work by the sculptor and painter Ends March 15 (11

Wilson) Grand Palais From William to works from the color 1 century painting. Ends Jan

Committee of the Land Co. retrospective marking == 200th anniversary M Ma artist's birth. Ends Jan 6 Louvre Three exhibitions of German art from the Mall III Hall Napoleon and Pavillon

Musée de l'Orangerie des Tulleries Derzin:

**■ ROTTERDAM** Museum Boymans-van Beuningen Prints by Stefano della Bella (1610-1664). M the height M his

popularity, della Bella avourite ul the Florence and Paris courts. I Will have into oblivion. of ceremonial festivities. from daily life, vedute, landscapes designs for ornaments. Ends by On Kawara, plus an exhibition by ceramicists, Alison Britton (b1948) and Claudl Casanovas (b1956). Ends 2

**■ WASHINGTON** 

National Museum = Women in Arts Voices of Freedom: Polish Women Artists and Im Avant The exhibition, first in the se works. includes every major movement nationalism m abstraction. There 80 paintings, plus sculptures, media. 22 National Gallery of Im Walker Evans: classic documentation American I during the Depression, including www York subway photographs. Ends March comprehensive collection III work assembled in the epic American landscape painter of 19th century. Ends 17.
Lin Circa 1492: Art in 11 Age Exploration. Ends Jan

# **FINANCIAL TIMES**

Telephone: 071-873 3000 Telex: 922186 Fam III - 4III 5700

Friday December 20 1991

# Bundesbank bites back

THE BUNDESBANK is a political animal, however independent of the political process it is supposed to be. So it will be quietly content that German conditions justify actions that allow it both to reinforce its credibility and exact revenge on those who prematurely

danced Landesbank's reputation has taken a few knocks in recent years: over the terms of German unification, 🍱 inflationary nature of the quent expansion, and now the proposed deal on European economic and monetary union. The Bundesbank wanted tough rigid timetable Emu. It meither of these; only notice that its will not be

required by 1999 the larger Yet Bundesbank retains, for the time being at least, the ability to dictate monetary pollcy, both in Germany and ross Europe. By raising both its official interest rates by 0.5 percentage points yesterday, it has ensured that Europe's short-term future will be even bleaker than expected.

First and foremost, this was a domestic move by a national central bank. The Bundesd'être, which remains that of providing stable German prices, has been made impossible this year by the monetary overhang follow-ing unification and the burgeoming fiscal deficit. Inflation is already expected to rise to 5 per man early will year.

Unacceptably high

The Bundesbank felt obliged in show it in tolerate inflation rates at these levels, particularly as German wagebargainers around a 6 per wage increase next year, which would lower than this still unacceptably high. psychologically important discount rate to its highest ever level, as well as the economi-cally significant Lombard rate.

The Bundesbank's have much wider ramifica-tions. Rising German rates had already virtually eliminated the interest rate differential of meny of the narrow band currencies within the has bestocien Consequently, the list of the gium and beautiful have

already mimicked the Bundes bank's action. French officials will gnash their teeth and dream of 1997 (or maybe 1999). But with the franc languishing at the bottom of its band, they are almost certain to follow.

Nor would an upward realignment of the D-Mark ease these pressures: the heightened risk that these countries would realign again could well mean higher rather than lower interest rates. For some countries, a final pre-Emu realignment may prove non-set on competi-tiveness grounds; but only if they can prove it would be the last. Until then they must grin

#### Little comfort

Higher interest mine are pre-cisely in the ailing European economy (outside Germany) needs. The latest OECD outlook relaest OECD outlook relatively optimistic about Europe's prospects for next year, but it Germany would like "a gradual easing of rates". Indeed, OECD hoped that "other European will probably their in line Germany - try Germany - - try Sadly II. OECD II. in to be only half right. They will fol-low Germany, but up; and remain for perhaps will be married.

The luxury of wide ERM bands little less likely that the UK and Spain will have to raise rates too. Sterling weakened only slightly yesterday. But the British government will have taken little comfort from that taken little comfort from that. Slower growth in Europe will further delay Britain's anaemic recovery. If, that is, there is any recovery to speak of. Yesterday's unemployment figures suggest things may even be getting worse once more.

More worryingly for Mr Major, higher demand the virtually eliminate any chance of lower UK rates before the election; and substantially raise the chances of his having to raise rates between now and then. The official UK interest rate differential vis à vis Germany has now narrowed to less than I percentage point. With an election in the offing, sterling is bound to look an increasingly risky investment.

# **Keeping cool** under fire

IS THE unduly complacent? This will certainly be in charge brought against III latest Economic Outlook, with projection of recovery in 1992, particularly after the half a percentage point increase in German short term interest rates yesterday. The charge would be unfair. The OECD is, in fact, cautious in its analysis and sensible in

While the OECD recognises downside risks, particularly that in balance sheet deflation, it 🔳 right 💵 discourhysteria. 1991 no comparison with 1931. panic-stricken fine-tuning, continued attention 🜆 structural policy required. in highest priority being further liberalisation of trade.

This is not to downplay the disappointments since the publication of the last Economic Outlook in June. Back in June the secretariat projected OECD growth all an annualhed mit if 11 per teni hallow of 1991. Greatly between two halves in 1991 in my expected in be a man 1 per cent. Similarly, June growth was projected 12.9 per between Wil and 🔤 projection 🛮 now down 🗊 2.2 per cent.
This only goes to prove that

forecasters do not understand and cannot project how quickly they will in so. Nobody should bet the bank (least all bankers, who enough already) on strength of the recovery.

#### Conditions created

David Henderson, the department, would be the last person to do so. What he does stress, however, is the OECD's that monetary policies "in last Off Countries have created the conditions for kind of recovery that depict". Given the unpredictable lags involved, he has a good chance of being right, especially **the** US.

Nevertheless, as Mr made son are remarks: "in many the risks to growth appear in be on in downside". It 📕 the 🝱 of personal and sometimes corporate (particularly banking) balance sheets that is the main

source of concern. Though this is far from a universal problem, it is of great importance for the US, Japan and the UK. If slow growth were to con-tinue, the right response would Europe such a policy is, unfor-tunately, blocked by the consequences of German unification (as discussed above). Fortunately, the flexibility allowed by floating exchange rates allows both the US and Japan to pursue policies appropriate to their circumstances, which, in both cases, argue for some further relaxation.

#### Pump-priming

Will needed is a attempt global fiscal and monetary pump-priming. Past failures to control inflation cast long shadows. Thus the balance sheet deflation of today is, in part, a long delayed consequence of the inflation of the late 1960s and 1970s. Too many people to believe bailed in by inflation. 🗛 a result, they borrowed freely, ignoring the high real interest in place throughout the Now they are realising their mis-But if inflationary psychology is in perish, in son has in be learned, it is developing it ago.

Economies cannot, in any

case, be managed to achieve given of real growth, While monetary policy should be fairly flexible, countries must also persist with the medium term path of fiscal consolida-

tion and structural reform.

If the OECD countries are determined to do something to underpin global growth in the 1990s and beyond they first of all, a conclude the Uru-Round of multilateral negotiations. But they should go further than that. They should ashamed that countries like Mexico, Chile, and Czechoslovakia show greater understanding

- and commitment W - liberal trade than themselves. Panic about the slow recovery must avoided. What I needed, instead, determination to strengthen **global** market framework, without which any recovery ulti-

evitalising I Motors I like teaching at elephant to tap dance. You find the sentap dance. 100 mas are pok-sitive spots and start poking." Thus Mr H Ross Perot, the Texan billionaire, summed my the horribly complex and frustrating task M turning around IIII world's largest industrial company as he ended a short and stormy spell on the GM board in IIII.

Five years and numerous restructuring later, Mr Robert Stem-pel, GM's chairman, this week delivered one of the most powerful and painful prods into the thick hide lumbering pachyderm.

Mr Stempel, who or over as GM chairman only 16 months an announced that the company is to 21 mostly unidentified plants in the US and Canada over the next four its workforce by 70,000, or about per cent; rein in capital spending; and sell off peripheral sets - all in an attempt to return its North American vehicle operations to profit

Drastic action is certainly needed. GM's North American automobile business is estimated by Wall In ... to be losing \$500m every single month and heading for losses of \$6bn to \$8bn in 1991. That will more than wipe out the profits from the group's healthy European vehicle operations and its huge non-automotive subsidiaries -Hughes Aircraft, the aerospace busi-EDS, the data services company, and GMAC, its finance arm. We as whole is expected to lose more than

Mr should indeed ensure an return to profitability for North America, probably in provided to the United Auto Workers union In co-operate. What I would in the air whether GM capable of halting, in indeed reversing, less long-term decline which has will be it for the past decade 🗵 া 🚾 🍱 Japan's automotive might. Is it, in short, 
Dumbo or

Certainly, the recent have been encouraging: the has embraced has of "lean," qualitydriven manufacturing which made its Japanese rivals so successful. The shake-ups of the past few years have greatly improved the rellability of its vehicles.

Product also improving.

This autumn, for the time in many ...., GM is hit on its hands in the US: the Cadillac Seville. a luxury car with but distinctively American lines which has even had some buyers of European imports returning to the GM fold. The difficulties facing the group,

and its increasingly urgent efforts to the problems I US big business writ large: what is bad for General Motors is bad for America.

is bad for America.

For after decades post-war compliance, secure in the largest single market in the west, many big US companies.

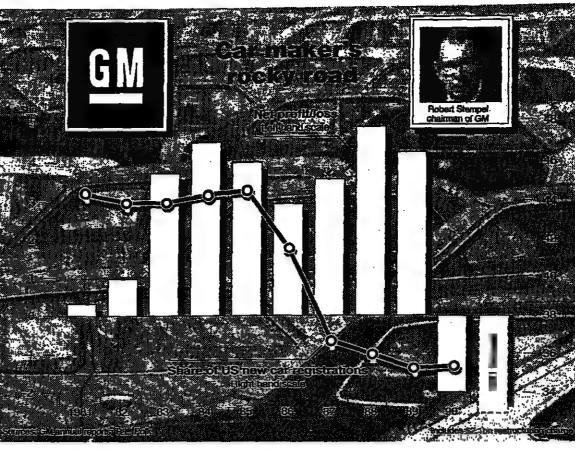
In recognise the challenge posed by the emerging global place, the mimbler fivals. Even when they finally started to, in the 1980s, their bureaucracies moved too glowly to address the problems, and slowly to address the problems, and the sheer size of their profits offered a temporary shield from reality.

Now, however, some of the most including International Hambachines, Citicorp, the biggest Label bank, Express are having a slim and become more responsive in the market place, and do so in the middle of what prove the longest This process is likely to impose

cultures. For over the past few years many US companies - GM included - have begun embracing variants on the management techniques ploneered with immense success in Japan after 1945 by Mr W Edwards

Martin Dickson examines the drastic action taken by General Motors to return its North American vehicle operations to profit

# Painful surgery for Detroit invalid



Deming, the nonegenarian American consultant who was for years a prophet without honour in his own and. These techniques stress co-operation be management and workers in a management to

improve quality.
One of Mr Deming's basic principles is to "drive out fear" from an organisation. But as GM showed this week, it is impossible to do that when a company is threatening 70,000 job losses, even though it says it wants to achieve them through natural wast-age and early retirement. There now promises to be an internecine war, pitting plant against plant, w determine which are the 21 to close.

GM's problems are also those of the US automobile industry writ large. Its Detroit rivals. Ford and Chrysler, are Detroit rivals, Ford and Chrysler, are losing money too as the sector struggles with the sharp downturn in demand for vehicles brought on by recession. US sales of cars and light trucks totalled only 11.37m in the first 11 months of this year, down 12 per cent from the already depressed 12.9m units of 1990.

This downturn, lasting far longer than Detroit expected, has greatly exacerbated an already serious imbal-ance between the industry's productive capacity and the demand for vehicles. And the inevitable result has been a slashing of car prices to unecoately try to maintain market share and factory utilisation.

The main reason for the demand/

capacity imbalance is the remarkable success of the Japanese are miss which have attacked the US market with unrelenting vigour over the past decade, first through imports but increasingly through local factories, known as "transplants". Younger Americans especially have been attracted by their extremely reliable and attractively designed cars and the Japanese now account for some 30 per cent of the US car markst. The figure would be substantially higher if Detroit's loss-leading sales to rental fleets were stripped out. GM has been much slower to react

The central message of this week's announcement is that

GM has finally come to terms with the reality of its diminished place in the world

to these changes than either Ford or Chrysler, which both faced financial crises in the early 1980s that forced them to pare their costs to the bone – and psychologically prepared them for further rounds of cuts when the current recession loomed.

GM lost far more market share than the other companies to the Japanese, ing from 47 per cent a decade ago to about 35 per cent now, where it appears to have stabilised. But for years it refused to concede that those customers were lost for good, con-stantly talking of bouncing back to a

40 per cent share.
So although GM has had several rounds of factory closings over the past five years, these have been nowhere near enough to bring its capacity in line with demand for its vehicles. Wall Street analysts reckon GM's plants are running at some 60 per cent of capacity, compared to some 85 per cent for Ford - and that

spells dreadful red ink.

The central message of this week's announcement, therefore, is that GM has finally come to terms with the reality of its diminished place in the world. Mr Stempel says GM expects to use 100 per cent of its North American facilities in 1993 and aims to operate profitably with a market share in the low to middle 30 per cent range.

Whether the auto workers union recognises this reality is another matter. Its initial reaction to the cuts was predictably hostile. But this may be tempered by GM's claims that it will avoid redundancies and stand by the avoid redundancies and stand by the company's remarkable current labour pact. This agreement, which will not expire until late in 1993, means has to give its workers virtually full pay, even when they are temporarily laid off. In other words, the company is trying to buy the acquiescence of the workforce as it shrinks it.

Mr Stempel, who wants to to re-ne-gotiate parts of the labour pact to get WOLKD S HEXIDILLY need to proceed extremely gingerly. But he stands a much better chance of success than his predecessor, Mr Roger Smith, a small, authoritarian man who was often boosd and jeered when he visited factories.

The 58-year-old Mr Stempel, who The 58-year-old Mr Stempel, who has an imposing 6 foot 4 inch presence, booming voice and near-photographic memory, has a collegial management style and — unlike other chairmen for the past 30 years comes from an engineering rather

than financial background. Analysis blame many of GM's proti-lems on the reign of the accountants who knew little about how cars are who knew little about how cars are actually made. Yet the roots of GM's problems are more complex than that and can be traced back at least as far as the 1950s, when a Cadillac was the world's ultimate symbol of motoring luxury, and perhaps even to the 1930s, when Mr Alfred Sloan, the chairman who forged GM into the world's greatest industrial combine, worled over the problems of bigness. "Sometimes," he said, "I am almost forced to the conclusion that General Motors is so large and its inertia so great that it is

large and its inertia so great that it is impossible for us to be leaders.

Whenever the rot set in, GM's market dominance meant that by the 1960s and 1970s it had become one of the most arrogant, parochial and in-grown bureaucracies in the world, quite unprepared for the looming Jap

Mr Smith, who took over as chairman at the start of the 1980s and retired in July last year, recognised the dangers and set in train a decade of bewildering change: But with the benefit of hindsight many of his in-tiatives seem searches for quick-fir-magic potions rather than addressing ed for fundamental improve ment in management methods.

There was a chaotic corporate reor-

ganisation; the investment of \$40hn on automation in the mistaken belief on automation in the mistaken belief that this was the secret of Japanese success; and diversification through the purchase of EDS and Righes. Yet at the same time GM's car sales kent on plunging as its models gained a reputation for boring, look affixed design and dreadful quality.

However, many of the seeds sown during the latter half of the Smith era, and reinforced under Mr. Stempel, are now starting to hear more positive.

are now starting to bear more positive fruit. The company's belated adoption of Japanese style management and of Japanese style management and manufacturing techniques is producing more distinctive, eye-catching vehicles, brought from design to manufacturing much more quickly, and with much greater reliability when they get on the road.

Yet much remains to be done. Many

analysts contend that, despite a reduction in the number of differen reduction in the number of different cars it offers, GM still confuses US customers with its huge and overlap-ping range of models. Bureaucracy is still rife, although the job cuts of the next few years will remove more than 20,000 white collar workers.

And GM has a long way to go to match the factory productivity of Ford, or the Japanese. Its plant lines are less flexible than those of rivals. which can switch rapidly from pro-duction of one vehicle type to another, though this too is to be addressed more urgently under the Stempel reorganisation.

GM is making many small but

important, incremental improvements manufacturing techniques, yet 

complete this.

Analysta optimistic about the European operations, which were heavy loss-makers in the 1970s, have become successful thanks to strong new products, more flexible factory practices, lean production techniques and only limited Japanese competition. But that metamorphosis took the best part of a decade, and GM Europe is far less complex than the UK

So while Mr Stempel may poke and prod GM into something resembling a lig, it will take a long time. And by then who knows how much of the dance-floor will be held by those nimble Japanese quick-steppers?

#### Outback back out

appointing days to 90, British statisticians' hearts are a-flutter about the top job at the Central Office. Hav-ing sunk on hearing that the post had been offered to an Australian, they have been uplifted again by whispers that the quarry in the outback may

Although Chancellor Norman Lamont has said he wants to make the appointment by the year-end, the uni-dentified Antipodean is apparently arguing that the advertised salary of £79,000 is not enough to justify a move from home shores to one of the more accident-prone bits of the UK civil service. So if the Australian can't

be netted, what then? After all, with the job's present holder Sir Jack Hibbert due to retire at the end of February, the replacement cannot be long postponed. The obvious expedient is for Lamont to look through

his short-listed rejects, and plump for a readily available Brit. While that would please the UK statistical profe however, it would leave the principal problem unsolved. The prime reason for looking

down under in the first place was probably that the Australian Bureau of Statistics, where the undisclosed first choice is working, has had a good record over recent years. Alas the same cannot be said for the UK equivalent, which is in dire need of new blood.

#### Cop out

Meanwhile Lamont's colleague Kenneth Baker seems to be continuing his year of misfortunes though to the end To cap the home secretary's troubles with fearsome dogs, escaped IRA suspects and such, his efforts to improve Britain's much criticised prisons have fallen behind time.

# OBSERVER

The Home Office has copped out on the December 31 dead-line for a task which will not seem unduly difficult to most the provision of name-badges to be worn by all on-duty prison staff.

But the bureaucracy has evidently managed to compli-cate it - as witness the excuses given by Angela Rum-bold, Baker's ministerial chum. They include the need to consult the relevant trade unions on the "detailed" arrangements, "and the procurement mechanisms necessary for the quantities that will be

In which case, what hope can there be of the Home Office hitting its targets for ess rudimentary achievements, such as ending "slop-ping out" by December 1994?

One step back ■ Jacques Attali, president of the European Bank for Reconstruction and Development, wearily stonewalls probing questions about the bank's costs and allegedly expensive life style. Wondering aloud why the British wanted the bank in London in the first place, he points out that it would of course have been much cheaper sited in Prague. Then he brightens up. initially, he says, the British press was very critical about the bank. Now they say it's a good bank, the only problem is the presi-dent. "I think that's progress."

#### Knocked down

■ If fine art auctioneer Christies is prepared to cut its executive directors' salaries by up to 20 per cent, what does it say about the safety of the firm's dividend? Christopher Davidge, the pugnacious managing director, stresses that the salary cuts are not a publicity gimmick.

BANK

Thank God there's no other superpower to tell us we're not one any more

The firm did the same in 1974. A stocky, dapper, figure, Davidge is a rarity among the aristocratic elite of Christies and Sotheby's. His chairman, Lord Carrington may swan around the world, but Davidge is very much the businessman. His grandfather was a Christies' porter, his dad started as a clerk and rose to partnership secretary, and he has made it to the chief executive's suite. On the dividend question, he refuses to be drawn. But a cut might give some satisfac tion to all those punters who paid too much during the recent art boom.

#### Going out

■ The order for ■ £4 box of 50 Bock Giraldas for a certain Winston Churchill is dated chant Robert Lewis, which even then was 113 years old.

August 9 1900. It was the first he sent to London cigar mer-Now, with a further 91 behind it, the firm is facing what may be its last Christmas -at least in the premises at

19 St James's where it has traded for well over a century. The two families that own it want to pull out

There are several reasons. The negative variety include the effects of City cost-cutting and the recession in general, the anti-smoking lobby, and a thin tourist season which normally contributes a fat chunk of the year's business

The positive reason is the resale value of the lease on the site, for rent apparently still at Atlee-era levels. "It has 60 years left." says the compa-Croley who, while hoping to keep it trading where it is, has a Churchillian abhorrence of surrender even if survival means moving elsewhere. After buying that first £4

box, Sir Winston made Robert Lewis his exclusive supplier until, having changed to Romeo y Julieta, he placed his last order on December 23 1964 a month before his death. As it happens, his mother had been a customer before him, though she favoured the firm's hand-made gold-tipped Alexandra Balkan cigarettes.

Mysteries ■ The string quartet sawed into O come all ye faithfull, and the traditional London pub carol-singing night was

under way. God of God, Light of light, Lo! he abhors not the virgin's womb, cawed a City gent, then remarked to his neighbour: "Never been able to understand why they bother to mention it."

"What?", said the neighbour. "The bit about him not abhorring virgin's wombs. After all, who in his right mind

would, anyway?"
"That's right," said the com-panion, sipping his beer. "I have the same trouble with another one, though it doesn't come up till Easter." "Which one?"

"There is a green hill for away, Without a city wall..." I mean, why should a green hill have one?"

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The Real Park C. British -4 -4

the creation of a regional tier of government — even in Scotland — leaves Britain in another minority of one among the Community's larger states. It also leaves the Conservatives as long defenders of the

tives as lone defenders of the

status quo at home: Labour is committed to Scottish home

posing a virtually federal future for the UK.

It is not just regional govern-ment that Tory backles;

thing resembling regional policy. Nevertheless, regional

policy is here to stay; at the Maastricht summit Mr Major

signed lie protocol on "eco-nomic and social cohesion",

which the Community to spend more on "reducing the disparities between the lev-

the disparities between the levdevelopment warkous regions". The
funds, to help or
declining doubled
to Ecu 14bn (£10bn) - in the
past their
funding and new "cohesion
rund" planned for 1994.
Britain's self-styled regions

Britain's self-styled regions already energetic suppli-

bly Welsh Countier is, jointly with the Welsh Develop-

ment Agency, about to set up a in Brussels, and Scottish councils will fol-

Britain has only become the

decades. When the Community was founded in 1957, only one

rule and regional assemblie for England and Wales, while the Liberal Democrats are pro-



# Staging post on the path to federalism

Regional policy in the EC is here to stay, writes Andrew Adonis, despite the government's qualms

Regions" is ■ slogan mouthed as much as "1992" nowadays. Not content with its gains, the AER's last month on legovernments of member which not initiated the process of regionalisation [read Britain to make the necessary institutional changes to this end". This implies that there is a regional model Britain ought to follow.

laboured hard define "regionalism", and to relate it to theories of the state and of the allocation of functions and the allocation of functions and inter-governmental relations within it. In essence, however, if regionalism means anything other than glorified local government, it is a staging post to federalism, a state in which sovereignty is shared between accommental tiers.

There is, however, no single regional model going. There is no such thing as a standard intermediate in Europe, just | of contrasting regional systems," says Mr Michael Hebbert, a regional expert at the London School of

tutionalised regions: by 1987, most of the 12 did. Individual The move towards regions. and their form, has had as much to do with the culture and political evolution of parregions came together in 1985 in their own pan-European body. The Assembly of European Regions (AER) has long pressed for a formal Community with a second control of the control community with the control of the cont ticular countries as with theory. Perceptions of cultural autonomy on the one hand, and reactions to authoritarian nity role, and got it at Mass-tricht (Britain assenting) in the rule on the other, have been the strongest influences.
The German case needs little form of an advisory Committee of the Regions. Within the

explanation – a number of Lander (states) were, in 1949, artificial creations. The two influences combined also lay behind the commitment to regions in Italy (a state only since 1860) and Spain (five lan-guages, no central administra-tion to speak of until the mid-18th century, and two civil

isth century, and two civil wars since).

In Belgium, the bitter cultural divide between Flanders and Wallonia precipitated repeated political crises in the 1960s, and the introduction of regions in 1971 recognised demands for devolution long formulated by the two linguistic communities. Even in France, the creation of elected France, the creation of elected regions by Mitterrand's social-lsts in 1982 was a response to their 23 years in the political

For the most part, defining regions geographically has not been a problem. Kingdoms, cities, principalities, islands, linguistic communities have formed most of the boundaries. In France, regions are amalgamations of departements. Accordingly, regions come in all sizes. The typical European region is about the size of four

English county councils. Yet Germany's Saarland, Italy's Umbria and Spain's Cantabria have smaller populations than Kent and Lancashire, while two German Lander have larger populations than Bel-gium - and without the likes North Rhine-Westphalia Dura de Länder would wield for less political der

government regularly. In Germany, Mr Helmut Kohl is a former Land prime minister; his Social Democrat opposite number, Mr Bjorn Engholm, is prime minister of Schleswig-Rolstein. Imagine Mr Kinnock president of Wales; or Mrs Thatcher mayor of London.

What are the more likely implications for Britain? The European experience is most applicable to Scotland, where elections and opinion surveys show greater Scottish alienation from Westminster than at any time this century. Moreover, the practicalities of devolutions of the practicalities of devolutions are applicable to Scotlands. Europe's regions differ in functions almost as much as in size. Constitutionally, the 16

German Länder have the greatest autonomy, with each Land

enjoying its own legal system, a share in national law-mak-Wales is similarly placed, though with devolution and alienation. England, however, is highly problematic.

Much of England does not belong to "self-regarding" regions - though the likes of Cumbria and Cornwall could be made regions if local sentiment.

Equally important is the absence of any ing, control over most of the country's civil service, and sole or shared powers over educa-tion, health, criminal law, local government, economic develop-ment, housing, roads and the Relgium's regions now enjoy legal powers almost as wide, while, at the other extreme, ment Rqually important is the absence of any equivalent of the French prefectoral system imposing a set-French regions are largely con-fined to regional economic

fined to regional economic development, cultural promotion and the submission of plans and opinions for Paris to approve. Spain is in that each of its 17 "autonomous communities" has its own "statute of autonomy", specifying devolved powith Andalucia, Catalonia, Basque country and Galicia regions with a strong sense of autonomy - first in the quaue. Nonetheless, concentration on regions' legal powers can be misleading. In the first place, regional tax-raising powers are, without exception, constrained. Even the west German Länder raise only manall proportion of their income, and are dependent upon assigned tled regional pattern national administration. Each UK government department and quango has its own regional boundaries for its activities, and they rarely match. Periodically since the war attempts have been made
align regional
with the government's
so-called "standard regions" —
but with little success, according to Professor Brian Hog-wood of Strathclyde Univer-

The first step to regional government in England would, therefore, have to be the aligning of existing boundaries. Beyond that, rolling devolu-tion, with Scotland and possiproportion of their moone, and are dependent upon assigned revenues or grants for the rest.

Conversely, regions wield much of their influence on a co-operative or informal basis, Italian regions, for example, are represented on national parliamentary committees, and their presidents meet the Rome bly Wales leading the way, appears the only practical course. It looks Spanish in style, but if voters ever decide that Westminster and Whiteit may be the only way.

seen to be vulnerable, a prime minis-ter who could lose his over-all majority

general election he fights. No wonder his chancellor has resorted to uncharacteristic gimmickry, as with yester-day's deal with the building societies. Consider the result, and weep. A year after taking office, Mrs Margaret Thatch-er's chosen heir is interven-

ing, leaning on private lenders, subsidizing borrowers, saving individuals from the consequences of their own folly - in sum, bucking the market. This is being done to marker, This is being tione to mitigate the pain caused to mortgage holders by the fall-out from Mr Nigel Lawson's boom of 1988. Along with the billions spent on clearing the poll tax, it constitutes a further effect to cleave lution from London to a Scotthe poil tax, in consti-tions a further effort to clear the election-losing leg-acy of the Thatcher years. Mr Major has applied the first rule of political survival. tish parliament get simpler by the year, as ever more powers are devolved to the Scottish When you approach a water-fall, you paddle your cance in the opposite direction, with considerable vigour.

Thus has the hero of Maas-tricht become the Harold Wilson of mortgage-land. The prime minister who authorsed payments to haemophiliacs, pressure on bankers over loans to small busi-nesses, and the extinction of pit-bull terriers has once again rummaged around the cellars of Downing Street and dug out the old pipe and the

moth-eaten Gannex He has endured a breathless week. The final lap of the chase began on December 12, the day after Mr Major had proudly presented his report on the successful conclusion to the negotiations on European unity. Answering the leader of the Liberal Demo-crats, Mr Paddy Ashdown, the prime minister said that "the government are looking urgently with mortgage lend-ers at what further measures might be taken to protect those faced with reposses-

This was news to most of Whitehall. There were indeed ongoing talks with building societies and banks about the level of repossessions, and a

Pipe and Gannex

Joe Rogaly

tions were moving at a mea-aured pace, as these things do: The urgency was infreduced by Mr Major. The message went out, a ghostly echn of another past leader's voice: Something Must Be Done.

In consequence we have yesterday's package. The building societies have been encouraged to set aside £750m, so far, to help finance the sale to housing associations of homes they might otherwise auction off. Some mortgages will be trans-formed directly into rents; the erstwhile mortgagers becom-ing reluctant landlords. Some deals will be composed of part-rent, part-mortgage pay-ments. Taxpayers will pick up the tab, in the form of a larger number of housing benefit payments to tenants who were formerly owners; net of

The message went out, a ghostly echo: Something Must Be Done

savings on emergency accom-modation costs for families which might have become homeless. In other cases the mortgage interest element of income support will be paid direct to lenders, so protecting the tenants from any temptation to waste the money on food.

money on root.

The first half between the first house prices fail no further and adding, hopefully, that a slight rise during the first half of next year would not he unhelpful. In case this appeal is not heard, some \$420m in subsidy is being thrown into the market place, in the form of stamp duty to be waived between now and Angust 19 1992. The end-date is not a coincidence. The last possible election Thursday is July 9. Unfortunately for the Tories, Mr Major cannot find such clever "solutions" to all the problems he faces. Take unemployment. You cannot tell from one month's statistics, but yesterday's figure breaks the encouraging run of declining monthly increases. In March the number of people out of work rose by 111,200. By October the dread

to an additional 38,900 on the

dole. This disquisting news is as nothing to yesterday's deci-sion by the Bundesbank to raise its emergency lending rate by half a point. If the British government is lucky the next move will be a realignment of exchange rates, effectively devaluing the pound. If it is unlucky something will trigger a ner-vous reaction in the markets. If that coincides with a growing premonition of defeat for the Conservatives, the government could quite quickly find itself in a sterling crisis. We might therefore be facing a Conservative winter of

discontent. That would have the same effect on the govern-ment as did Labour's equiva-lent in 1979. Yet it would be imprudent to forecast the impending arrival of a Labour administration. As my colleague Samuel Brittan pointed out yesterday, economic fore-casts are notoriously difficult m get right. Political forecasts

are even more unreliable.
All that can usefully be done is to indicate the present balance of advantage. This is plain. As we have seen, Mr Major's glass is half-empty. Mr Neil Kinnock's is half-full. Mr Kinnock has the greater reason for Christmas cheer Labour has been shead of the Conservatives in 24 of the past 31 months, according to the weighted average of all polls calculated by the computer outside my door. Of the Conservative months, five can be explained by the December to April honey-moon, which started with Mrs downskii and ended with the conclusion of

The Labour leader, who per-Thursday, may be getting lucky. When it comes to pubilc appearances, he is fortu-nate in his shadow chancellor, although not in his shadow foreign secretary. With Mr Major it is the other way round. Again, the prime minister's bouts of recovery on the tail of this or that foreign speciacular are invariably inhowed by a return to Labour leads as domestic politics respected. Watch out for the gimmicks of desperation; they will be announced in the Budget in March. although not in his shadow

#### <sup>4</sup> A funding problem

From Mr John Dick.
Sir, in the context of the curser, in the context of the currant debate over the security of
pension fund assets, it is perado that sovernment
should recently introduced legislation which
ally in reduction of
the pension security a some
symployees.

employees.
When in 1881 an earnings
"cap" was brought in limiting taken by employees joining tax-approved pension employers were permitted to provide "top-up" schemes for affected employees.

However, the tax rules for "top-up" schemes are so draco-nian as to make their funding prohibitively expensive. As a promittively experience as a result, security for a pension is unlikely in practice to take the form of a segregated fund of assets and will generally than the problem of 

An increasing number amployees and and in the law is a law in the law in the law is a law in the law is a law in the law in the law is a law in the law in the law is a law in the law in the law is a law in the law in the law is a law in the law in the law in the law is a law in the law in the law in the law in the law is a law in the their funding John Dick. Temple EC4

Sir, Andrew Adonis quite rightly points
of the pay about to considered by lecturers in the Polytechnics and Colleges Funding Council Sector ("Polylecturers agree 5
per cent salary increase",
b. 13). It
reward for who have
delivered the largest increase in student opportunities in post-school education. Ha omits to mention, however, some of the factors attaching to these difficult pegotiations

and the choices open to unions. Kenneth Clarke has no official role in collective bargaining for lecturers. He has, however, withheld £13m from the institutions in a bid to get our employers to include in the pay offer a "flexibility" ele-ment for distribution entirely at the discretion of local manments and to re-open the

## Housing rescue needs depositor safeguard

Sir, Let quite correctly points out "Building societies", December 19) the involved in implementing a hasty rescue package for home owners. Politically contivated splittings seek to correlate and solutions seek to overlook and override the real facts underly-

ing today's housing crisis.

If the government is forcing landers provide cheap finance problems about term, government about the

depositors now by providing a proper and full guarantes for funds invested. After all, it is the depositors whose funds are really placed in jeopardy. Without that, there could undoubtedly be a flight to quality out of the building societies and, of course, the last one to leave the party will pay the price—the British public and not the government.

Arthur Andersen & Co, 1 Surrey Street, London WC2

#### No existing pension backdating

Sir. Bryn Livi (letters, protocol approved service after that date or to previous service as well. tricht British industry paying equal pension benefits men

is, however, quite in July like the UK pension an an right to under Treaty of The approved at Maastricht, il ould have been led entirely

to the European Justice to interpret judgement of May 17 1990 in the case and whether equal applied just

As the court has not yet con-sidered the matter, it cannot be true to say that the Maastricht protocol deprives members of UK pension schemes of an existing mini in harden l should perhaps make it

ation of Pension Funds ation rension runds
entirely in favour of men and
women equal pensions
following Barber judgment.
Michael
general,
National
Pension Funds

lecturers was quite clear on the strategy its negotiators

Mean reward for increasing student opportunities representing higher education

agreement on appraisal and development and last was clearly aimed to create maximum disruption in the sector and to jeopardise national bargaining for all time.

Local negotiations are in train on the implementation of staff appraisal within the national framework agreed last year in the course of a major renegotiation of lecturers' conrenegotiation of lecturers' coneducation teachers union) is not aware of any problems di

lack flexibility in the
institutions - the only problem is recompense
achievements. What betproof of flexibility could
there there in than bully increases in student numbers

pressures that such increases student present?
The national NATFHE body

in student

should pursue. They wanted ■ pay only deal without discretionary elements and one that covered all groups of staff. The negotiators sought an offer that was fair in terms of pay comparators and reflected the contribution of lecturers to the expansion of student opportunity. The employers, however, refused to budge beyond 5 par cent, but they did drop both their bid to exclude certain groups of academics from any and their attempt to negotiations on the staff appraisal agreement. NATFHE is therefore putting this offer to its members as the best that can be achieved withand lecturers' unstinting work deal with le enormous out strings and by negotiation. Vicky Seddon

#### Last chance for the Uruguay Round

From Mr Joseph D Connor.

Shr, the Uruguay Round of trade negotiations is entering a critical final phase in Geneva tomorrow. Governments will have until mid-January to make up their minds whether all the considerable progress made over five years is thrown to the winds or harnessed for the well-being of the world's economy and its people. The

economy and its people. The last chance is now.

In July, I led a delegation of the International Chamber of Commerce to see John Major, Britain's prime minister and the chairman of the G7 economic summit, in London. Our message to the summit on behalf of more than 1,000 companies and business organisations throughout the world was that the Uruguay Round must take top priority on the must take top priority on the international economic agenda.

Success is vital, not only for industrial democracies, but particularly developing countries of Europe which
striving courageously liberalise their economies and
expand their trade. At this
major watershed in history, it
would be the utmost folly to
allow the Uruguay Round to
collapse, thereby unleashing
the short-sighted forces of pro-

Much M World L presnomic recession. Governments - and especially those of the G7 - should be under no illusion when their representatives meet in Geneva tomorrow: collapse of the Uruguay Round would be a body blow to business confidence, and hence to investment, jobs and living

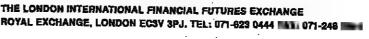
Heads of government must demonstrate to the world's business community that they have the political courage to make hard compromises which will bring the Uruguay Round to a successful conclusion. Joseph E Connor,

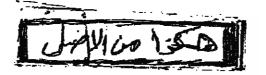
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Fax service



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# **FINANCIAL TIMES**

Friday December 20 1991

Dale Electric of Great Britain Limited Electricity Buildings, Filey Yorkshire YO14 9P.1 Telex 52163 Fax 0723 515723

# EC backs HDTV strategy after French compromise

By Andrew Hill in Brussels

THE European Community yesterday set a liberal towards high-definition, cinema-quality television (HDTV) France finally agreed to compromise on future satellite

broadcasting standards.

Telecommunications ministers unanimously backed deal after an exhausting 15hour round of negotiations spread over Wednesday night

and yesterday morning.
Such is the sensitivity of the issue in France that Mr Jean-Marie Rausch, the telecommunications minister, had to telephone Mrs Edith Cresson, the French prime minister, before he could agree to the compromise, which goes against his government's more interven-tionist instincts.

**UK Unemployment** 

Several loose ends remain to be tied up - notably the signing of a legally-binding strategy document by broadcasters and manufacturers - before the European approach to HDTV is fixed.

In a conscious effort to combat US and Japanese competi-tion in the sector, yesterday's deal sets out compulsory transmission standards to be used for satellite television services after January 1 1995.

It also safeguards satellite services already beamed into millions of European using non-HDTV standards. Broadcasters will be to transmit a those norms indefinitely with the services to transmit a those norms indefinitely. nitely, with sobligation to broadcast simultaneously in

Ministers have agreed to remove direct references to EC financial support for transmissions in the Intermediate D2-Mac standard. D2-Mac is the first step towards HD-Mac, a full HDTV norm, and is inextri-cably linked in the EC legislation to broadcasts in a new

wide-screen format.
Instead, Mr Filippo Maria
Pandolfi, the EC telecommunications commissioner, has to come up with detailed propos-als on financing, which he has estimated at Eculbn (\$1.3bn) over five years. These plans – expected to involve incentives to broadcasters and satellite operators to use D2-Mac - will be in a separate directive, which must be approved unan-imously by member states.

Both broadcasters and equip-ment makers yesterday gave the deal a guarded welcome, but agreed it would enhance the chances of their signing up a parallel industrial HDTV strategy, to be based on a legal-ly-binding memorandum of understanding.

Private broadcasters have al argued against being compelled to transmit in D2-Mac, while EC electronics manufacturers, such as Philips in the Netherlands and Thomson of France, have pushed for restrictive legislation which would justify their beavy investment in the intermediate

technology.

Philips said the decision was a step forward because the council had recognised the central importance of the D2-Mac standard. "We are satisfied with the outcome given the political constraints and we will now play a leading role in providing HDTV to European consumers," the company said. The directive replaces a 1986

measure which expires on December 31 and was widely condemned for locking the EC satellite TV industry into tech-nologies which were being overtaken.

overtaken.

The new legislation includes a strong element of flexibility. It will expire in 1998, with regular reviews up to that date, and it leaves open the possibility of digital HDTV — a fastevolving alternative technology – competing with the Mac standards.

By Paul Abrahams in London

THE European Community last night agreed radical mea-sures to extend the effective patent life of new pharmaceuti

Ministers agreed, as a transi-

prices prescription drugs artificially high.
Yesterday's agreement, opposed by the Spanish and Italian ministers, was passed by majority vote. Spain, which has a small indigenous drugs industry, was anxious to keep down the cost of pharmaceuticals. France a substantial

The measure is designed to counter trends that have

lation has meant it takes 12 years on average to bring products to market. Pharmaceuticals groups therefore have only eight years of effective patent life before identical but nonbranded products can be sold Drugs companies claimed

"Financially, yesterday's companies a discounted basis," Mr Jonathan de Pass, an analyst at stockbro-London. "It will, however, take a long time to work through to

#### European drug groups win patent extension

patent life of new pharmaceuti-cals in Europe by five years.

The controversial decision offers drugs companies billions of dollars of additional revenue. It should also encourage research into diseases such as Aids and Alzheimer's disease.

Minister aread as a transfer

tionary measure, that drugs already patented can also have their patent life lengthened. Individual member states may choose to fix the start-date for existing patents between January 1 1995 and December 31

The dacisions follow intense lobbying by the pharmaceutical industry. When the extension, known as the supplementary protection certificate, was proposed. If was bitterly by the European Genetics Association, which represents manufacturers non-patented pharmaceuticals.

measure would

cals. France, a substantial pharmaceutical manufacturer, had been keen to extend the than five.

reduced the time that companies can commercially exploit innovative products. The life of a patent is presently fixed at 20

Expanding government reguby other manufacturers.

shortened effective patents discouraged in into cure for complicated in rare diseases. Remedies in Alzheimer's disease or Aids could take more than 12 years to develop and were therefore less likely 🛄 🖿 profitable, they argued. European manufactur argued. European manufacturers pointed out that the US and Japan passed measures extending effective life during the 1960s.

decision will worth a lot to ker Barclays de Zoete Wedd in their bottom line."

Mr de Pass said companies with innovative new drugs would particularly profit from the decision. Glaxo, which has a large pipeline of new products, was one of the first companies that came to mind as beneficiary, he said. He warned, however, that European governments may use the extension as an excuse to exercise greater control over pric-

Governments are spending increasing amounts on pharmaceuticals as drugs become more expensive and populations continue age. In France, for example, the Organisation of Economic Co-operation and Development estimates that drugs account for 16.7 per cent of healthcare



#### **UK** jobless total shows sharp rise to over 2.5m

By Peter March, Economics

EXPECTATIONS of imminent UK recovery blow yesterday with news ... sharp increase in unemployment in November. The rise took the total above 2.5m for the first

time in nearly four years.
Last month's 38,900 increase
in the seasonally adjusted jobless figure to 2.51m followed a rise of a revised 18,900 in Octo-ber, in September.

20th consecutive monthly increase in the total added to the pressure on Mr John Major, the British prime minister, who needs clear evidence of an economic upturn in the run-up to year's

The figure was nearly 10,000 above City of London expecta-tions, and triggered flerce criti-cism of the government from its political opponents, Miniscontention that the economy is on the mend. They also drew comfort from separate figures indicating a slowdown in wage inflation and a া in 🝱 number is seemed the limit in

employment Howard, II employment secretary. that even though the monthly jobless figure was the highest since August, the increase in people wi work

had Mr Tony Blair, Labour's employment said the figures minisplaced complacency minis-ters about an economic

The Liberal Democrats Christmas would be miserable for the 2.51m unemployed peo-ple — a figure which has risen by almost 1m since March 1990. The total last reached 2.5m in January 1988.

Good news for the govern-ment came in figures showing at the average earnings rose an underlying rate in October of 71/2 per cent, compared with the same month in 1990. The year-on-year 1986 Will rises for each of the three months up to September of 7% per cent. This indicated that wage



Greenpeace campaigners protesting against Japan's continued killing of whales. The ship Greenpeace has been tracking the Japanese whaling fleet since late November

# World economy faces slow growth, says OECD

By Fater Norman, Economics Correspondent, in London

THE WORLD rising unemployment it stages a weak year's slowdown recession, according to in Organisation in Economic Co-operation and Development look, 🖿 said activity in its 24 tries was likely to gather pace

from next spring and economic growth could run at an annual rate of about 3 per cent from around the middle of

Although the OECD does not world is facing a new or or stage of a "double dip" recession, the Paris-based organisation said the forces shaping the

troturn were the strong. Recovery in the US, Hand and might not be firmly until mid-1992. II said. In Germany and Japan, where previously buoy-ant growth has given way in a more muted economic activity, the OECD expects only a slight acceleration of activity in the

Mr David Henderson, Il head of the OECD's economics and department, told a press conference in Paris yesterday that the risk that growth will would be too had increased the past 18 months. But he said there was, as yet, no need for mental policies to be recast. Elsewhere in the Outlook, the OECD:

Reduced in projection for growth next you in 22 per in the last Outlook in July; Hinted that Japan should be prepared to ease monetary con-ditions to combat unwanted

and long-term interest rates second half of next year. were unlikely to fall significantly before mid-1992;
Forecast that the UK would rise from the bottom of the growth league of the Group of Seven leading industrial tries must year the around middle of the trip pecking order with growth of 2.2 per cent.

Yeltsin moves on Kremlin

Warned that German short-

### Germany raises rates

Continued from Page

executive of Bayerische Vereinsbank, said: "The Bundesbank has gone to the limits what is acceptable with

negotiators know where they stand." The Line in the German economy would said. It also showed that worries about the stability of the

WORLDWIDE WEATHER

international political recogniretain the Soviet seat on the

the republics. The Alma Au meeting is

Mr Alexei Kireyev, a presidential economic adviser, said

yesterday that "Russian imperialism", where Russia dictates the pace and scale of reforms and other states dare not disagree, was now the most likely future course - the probable alternative being economic, or

next biggest state, whose president, Mr Leonid Kravchuk, is under mounting pressure shaping up to be as much a to take part.

# Marching to the German drum

What a difference a quarter point makes. Had the Bundesbank only raised the Lombard rate by 0.25 percentage potential the markets could probably have shrugged it off. By going for half a point instead, the bank has aggressively stated its resolve to throttle inflation regardless of the international consequences. Since the German squeeze is likely to be protracted, Mr Major looks in need of luck to hold base rates

at their present 10.5 per cent between now and the election. France is under the most immediate rate pressure, as its interest structure is again below that of Germany. With its wider bands, sterling has is whiler bands, seering has some room for manoeuvre. At yesterday's close of DM 2.8575, it is still over two plennigs above its current peseta-determined floor, which in any case is likely to sink as the peseta weakens with other European currencies.

currencies.

The authorities also have plenty of animunition to intervene in the short run. But there is no escaping the medium-term risk of an interest differential with Germany of only three quarters of a point, espe-cially given the political risk surrounding sterling. If France does raise its rates, Britain will

look even more exposed.

A realignment originating in Europe and dressed up as a D-Mark revaluation would certainly let the UK off the book. Germany, it seems, would not object. But it is leaving it up to the Representations in raise its European partners to raise the matter, and no one wants the humiliation of being the first to ask Mr Lamont was again trying to talk sterling up last night, but there is a white of electoral despetation in the air. The louder politicians speak in support of their cur-rencies, the more they invite speculative attack.

#### UK housing

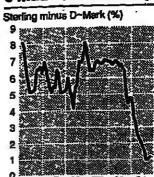
The UK government's efforts to prop up the housing market look increasingly desperate. The chancellor's latest throw of the dice – abolishing stamp duty on most purchases for the next eight months – confirms the impression of a party running for the polls. If the market was not stimulated by last month's 1 per cent fall in the Halifax price index, one wonders why another discount of the same magnitude will suddenly do the trick, Moreover, denly do the trick. Moreover, experience of the suding of double mortgage tax relief in August 1986 suggests that artificial deadlines are often fol-

lowed by nasty hangovers.

If yesterday's package was

FT-SE Index: 2,391.6 (-22)

mth. Euro-currency



1986 87 88 90 .91

the signal for a more funda-mental conversion to housing, the market would do well to take note. Competition from a more vigorous rented sector would dent hopes for renewed asset price inflation. But the prospect of more council housing, for instance, would certainly improve the outlook for the distressed contractors. It would not do to count on it. By lending its weight to a res-cue in the first place, the government seems to be conceding its part in encouraging debt-driven asset speculation in the latter half of the 1980s. By bailing out its imprudent supporters - and introducing fiscal incentives - it appears to have departed from the principles on which it was elected. On this basis, tax relief for mortgages up to \$60,000 seems only a mat-ter of time.

#### British Gas

British Gas was putting a brave face on it yesterday, but has clearly come off second best in its baitle with Ofgas over competition in the industry. Not only will the company reduce its share of the industrial market from four fifths to two fifths by 1996. It has also agreed to hive off its transportation business, initially as a separate unit within the group. It all smacks of sweeping rather than creeping regulation.

The proposed deal with the Office of Fair Trading includes an attempt to pull something out of the hat in the form of a fresh review of the recent: domestic price formula. But given how quickly Ofgas has indicated that it intends to play rough, British Gas has strategy. Without further com-promise, the competition authorities will presumably have to be called upon after all

which presents the company with an even bigger threat.

The galling thing for British
Gas in its powerlessness to prowhat it its shareholders' interests. Given Ofeas's determination to tackle the very structure of the UK gas industry and the emerging evidence that it has the powers to do so, the only reason for investors to hang on to the shares is the chance of a break-up. The thought occurs that the regulator of UK tele-come could easily put BT in a similar bind. Shareholders in privatised utilities have been served notice yet again.

Argentine 8

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Market Statistics

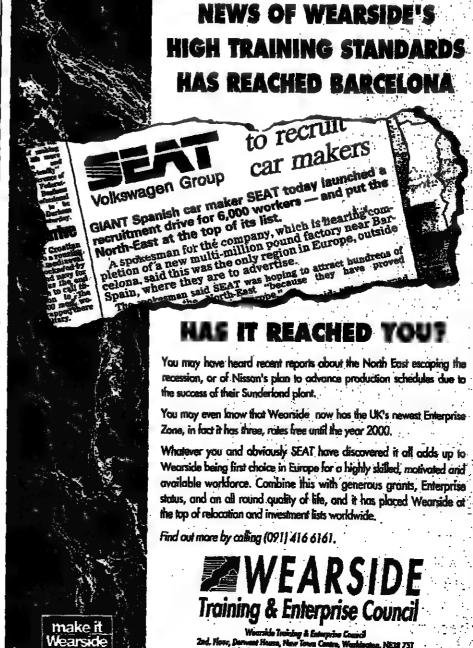
#### Markets -

The rally which brought the FT-SE back above the danger level of 2,400 has lasted less than a fortnight. Proceed on ket is becoming ever more ner-vous on the shakier domestic stocks: Asda, Ratners and the weaker builders for instance. The worry extends beyond the threat to consumer spending threat to consumer spending from higher interest rates. Yesterday's figure of 2.5m UK unamployed remained at odds with the picture on average earnings. On an annualised three-month bask, unit wage-costs in manufacturing in October ware up 5.7 per cont October were up 6.2 per cent. Manufacturing output prices on the same basis were up 5.5 per cent. If manufacturers are relying on the dole queue to restore their margins, they will have some time to wait.

#### Takeovers

The Trade and Industry Committee's report on take-overs is doubtless right to point out that UK policy is muddled in many respects. But its recommendations seem unlikely to reach the statute book, at least under the pres-

Some are sensible: for instance, that the 30 per cent bid threshold should be reduced. Others are merely pious, such as the idea that companies should produce better reports and talk more to institutions. Others again seem odd in a London context, such as the potion that an unsuch as the notion that an unsuc-cessful bidder should cough up half the target's defence costs or that the target's shares should be suspended for three offer document. The real inter est of the report, perhaps, lies in suggesting how all party thinking might evolve in the



A CONTRACT OF THE PROPERTY OF

#### currency after this month's EC

clear appeal to employers and unions to agree moderate wage settlements and help maintain monetary stability. Mr Albrecht Schmidt, chief

historically high rates." Hr added: "Now the wage

summit in Maastricht had been

Mr Links yester-day's rate rise was not a reaction to Maastricht, but the Bundesbank sought separately to allay fears among investors and the that monetary union could endanger stability

through the disappearance of the D-mark. European stock markets fell sharply mews of the reterise and Wall Street opened uncertainly. The Dow Jones industrial average fluctuated

between small gains and losses

Continued from Page 1

and hunger if a common economic space and financial institutions are not preserved. Mr Gorbachev called for the new Commonwealth - to have tion, and asked that it should

UN security council. Mr Yeltsin has already neggested that the seat pass to with all other property - ■ contentious posiwith other presidents

real, wars between the repub-The only exception to those agreeing accept Russian hegemony may be Ukraine, the



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Total Control of Mary 1985.

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# **FINANCIAL TIMES** COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED INT

Friday December 20 1991



#### INSIDE

#### **Key board changes** at Royal Insurance

Royal Insurance, Walley William Willia posite insurers, yesterday named Mr Richard Gamble as its chief executive, and announced a number other board changes. Mr Roy Elms, ■ former head of proup's Canadian subsidiary, had appointed to the new post of group underwriting director and in joins the board. Further restructuring is expected in the Will Year. Page 23

#### Love and hate in Basie

The love-hate relationship Marie and large Swiss chemical companies at urn for and Ciba-Gelgy announced plans to cancel R&D projects for the city. Page 20

Argentine ecological comeback



by careless ranching in the Argentine Chaco — a hot, dusty bush. — and savannah thing at an ecological Supporters of comprehensive range-management pronow claim can a s But with new of successful opened up by the Trans-Chaco highway. hope a svert disester by converting environmentalism before they destroy Chaco a second time. - 28

#### Another unkind year

market The year. The market's failure to from stadi scandals, a fall in business with Japanèse equities and entering and year prices, domestic investors trying to make the with the longest post-Correction. Back Page

#### Cleaning up Frankfurt's Image



allegations over dividend stripping have H weight to I growing demands for tougher regulation I the German securities markets. Many senior German agree the sulled image in the Frankfurt bourse must be cleaned up if Germany is its appeal as a place for international and to business - and a place in which international fund feel happy to invest. Page M

#### **Market Statistics**

Base tending rates	38	London traded options	1
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London share service	-	UK dividends announced	. 1

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Bridgestone		PPG Industries
Canal Plus		Roche
Ciba-Geigy	20	Royal Insurance
Classic T'breds	23	Royal Oak Mines
Cyprus Gold	24	Royal Insurance Royal Oak Mines SEB
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IRI, the Italian and holding company, has re-grouped civil engineering industrial plant enterprises the umbrella of Iritecna.

The move, which will we years of negotiations, will make in Irithe section is the guest a manufacture of L8,000bn (\$6.7bn), orders of L16,000bn and a 25,000-strong

France's Bouygues. Iritecna formed a a holding company specifically

pianti, its industrial plant group. The rationalisation has been

to overcome stiff resistance from Italy's political parties, who

the little Mr Law-

de Valeurs (CBV), Un French stock exchange regu-lator, announced that Exor and

two other companies - Geneval, controlled by the Mentzelopolous

family. Exor's founders, and Society Générale, are bank — would be forced to mount a bid for 66.8 per cent of Perrier.

The followed the discovery that the three had acted in consecutive the content of the content of

cert to raise their holding in Per-

rier in more than 33.3 per cent on

Under French law, if an inves-

tor holds more than one-third of

May 30 last year.

ezzari, an industrial engineer and In the Cheiming Democrat Management Im friendly with Im Giulio And-

reotti. I prime minister. all by run by Mario Lupo, a Liberal, backed by man managing directors, Mr Fulvio Tornich, a Democrat nominee, and Schiano, proposed by the Socialists.

To carry the Ri Ri obliged clean-up companies' books and main a write down of Limin which him had subsequently replenished. Among potential in in

accounted for seamless-mal pipe plant at Volsky in In-sia, a steel plant at Islanan, and

Exor may be forced into Perrier bid

the port 📰 Bandar Abbas, both in Ri, however, il still hoping to

be paid with by the Iraniar, authorities. IRI played down the significance to the that losses of up to L700bn would have to be absorbed on to IRI's consolidated balance sheet.

asset revaluation did not MI foul if the Treasury's in demands still heavily penalise revaluations in mergers.
Yesterday, IRI approved a nominal capital of 12,500bn for Iri-

merger, Italimpianti had net The writedowns reportrevenues are expected in be edly in part to ensure that any L2.495bn. has more than IIII companies affiliated or as direct sub-

RI acquired direct control of Italimpianti in and the contains more than 20 companies in Italy and abroad

systems span agro-industry, systems environment, metal-

lurgy well engineering

general contracting. Before the

launching an offer for Perrier

circumstances.

Time include issues such as

the control of company. Paris

analysts yesterday speculated that Exor might secure an

exemption is appointees

occupied half half

on the Perrier and on May a for the before.

"The situation is very, very complicated," said in facility Har-

rington, analyst II James Capel Paris. "We won't

final until = 🗀

if the life its partners will be bid."

sidiaries. Before the merger it was capitalised L1,440bn, but with the of only the rationalisation will lead to substantial L2,055hn.

## **Taurus** poised to clear final hurdles

By Richard Waters in London

THE UK government appeared yesterday to have finally over-come legal obstacles the introduction 🖻 Taures, 🔄 London Stock Exchange's much delayed computer settlement

After than year of effort by Department of Trade and Industry lawyers, formal regulations laid Par-liament which would legal immonth promure for Taurus.

he personal shareholders, which had been built had Taurus system at the request of minis-ters, and dropped.

quote manifest la digit peronal authorisation codes wifen being the D tool in their This requirement has not

cumbersome rity it brought.
Instead, shareholders tell He registrars who

maintain their shareholdings only is transfer their they have received william instructions. This sum level of security

will only be mailed investors at specifically request The imi changes tabled yes-

terday are and transfer forms, currently required by law ... evidence in title and teller exchange of title to place, will cease to be prosystem of hor ownership and dealing. In a significant change of

approach, the regulations considerably less detailed than complex version public in the snumer. Instead, many mattern of drawl will left to stock exchange. must produce - own -

for Ton users.
Subject to approval from both houses of Parliam regulations are expected to be adopted by the end of January.

That would give listed compa-

with mend meetings in the spring time to prepare their shareholders, enabling be ready : its miller target date of April

The difficulty of fitting Taurus UK company one of reasons given for early delays Taurus, had due due

# IRI creates new group in shake-up

#### By Robert Graham in Rome

As of January, Iritecna will the second-largest eral contracting group in Europe

of Italstat, III' and engineering

THE ALL family's attempt

company for Source Perrier, the mineral

go ahead in in Perrier.

mail market extremites tested to parter of growness on the other

all began in the Community of the Commun

stock market, delayed go-ahead the Agnellia's

ompaq, the US personal computer maker, seemed unstoppable a year ago.

result suggested it had off dampening moribund computer

in the III and some parts of

ble," says Mr Canion's successor, German-born Mr Eckhard Pfeif-

fer, a former head of Compaq

During day the French

pushed for by Mr Francesco Nobili, president, in the face of the challenges of the single Euro-Community market ther 1992 and increasing world competition\_ However, the project has had

rand the loss of paintain Italstat, in particular, operates in one of the war politicised seclived all scarcely competitive CONTRACT CONTRACTS iritecna's board retains

bid for two-thirds of the equity. A full bid is only triggered if the investor owns more than 50 per plaints from minority shareholdcent; in the UK, a full bid is

30 per cent.

If Exor and its partners were forced to control of Perrier, it is not clear what the Agnellis' position was a Earlie ME month, En Agnet-

mounted once the investor passes

lis - who originally proposed buying just two-thirds of Exor through lint, their Luxembourg-based holding company -The last their but in great the limit is partners would be entitled to be exempted from

beadquarters in Houston."
US industry observers ques-

tion, however, whether a "Euro-

pean" solution for Compaq is valid and ask whether Mr Pfeiffer

properly understands the US

He make as the operating officer at the beginning of the year prize of the knowledge that Europe had provided virtu-

ally all the company's growth in 1990; he started cutting capital spending and slowed staff

Compaq's past success le-been achieved largely the

International Business

International Business

the world's largest

ignored the second and third tier who are now

lower-priced computers.

Compaq aimed faster to market with personal puter technology: it demanded premium prices top quality

products and only through to avoid conflicts with direct sales force.

mirrors that of its larger

rival. Both misread the market

ers. I undergoing pro-

restructuring to restore

competitiveness. In a have to

Compaq's chief problem is that
products are too expensive for

cut costs drastically.

hen the years the market changed decisively and now Compag's predic-

ers.
The Agnellis believed to be

bid the Lar original man lim ever. M Exor in a controlling interest in Perrier, this would prospects for III Agnelli
offer III present price.
If the Agnelli did succeed, the line and for
control Perrier,
The situation is further

Compag in Europe laban-price lists; suggests "typical buying price". Mr Bisone said the customer

US computer group's recovery plan has European flavour, says Alan Cane Compaq seeks inspiration abroad

trast, everything is centred an defend that paying for the best ity. The alm is in have it that aggressive entry-level product in each range. The recovery plan, implemented by Mr Bisone, includes repositioning Companies brand. A newly appointed advertising

sisone said the customer would be paying the and so per cent less now for Compaq personal computer than at the beginning of the year.

The company's new competitors, however, the been quick to exploit novel and low cost methods. ods distributing their products

Compag's manually agree there is no question of yielding the low-cost end of a market to the competition: "If they achieve market share" Mr Pfeiffor says, "you have the as com-petitors for the longer term".

Compaq's plan therefore is to create new designs which can be manufactured at less cost, probably in Compag's Hong Kong plant An alliance with an Asian manufacturer is also a possibil-

agency will make an aggressive campaign in the life Year in reinforce Compaq's quality ange. The life y will also develop in of distribution channels.

Finally, to make the to in customers, rather it is leaving support and assistance to its dealer chain, there will be more telephone "hot lines" and greater emphasis on knowing who the IMPIONING HTM.

Mr is quietly confident about the future but ind is tain to im him to the limit. Cost cutting measures alone will not be enough to Compaq's reputation the PC which by which

#### This announcement appears me matter of record only.

December 1991

#### Beazer PLC

has been acquired by

HB Acquisitions PLC

an indirect wholly owned subsidiary of

Hanson PLC

The undersigned acted Infinancial advisor II

Lehman Brothers International

Compaq Mar from him in the months. I market for sonal computers slowed and price was erupted as came in low-cost products and distribution meth-ods. Compaq's low-chain fell apart in its second quarter conditions

Compaq's net income 18 18 18 24 18 20 23 18 18 20 20 20 23 24 15 24 15

# Chief price changes yesterday

		_					-
FRANKFURT	(DM)	),		Parrier	1304	+	36
Lahmeyer	730	+	21.5	Palls			
Falls	. 60	•	-1.0		40.0	_	31
AG Ind&Verk	620	-	16	AGF	434	_	
BMW (Br)	474	_	71	Sugitario		-	
Hochtiel	990	_		Suez	269.9	-	10.2
Lingtype-Hell	290	-	9	UFB Locaball	230	-	142
NEW YORK	(5)			TOKYO (Ye			
Flions							
Advanced Milare		+	_15				420
Boeing	424	+		Tokyo Leasing	1590	+	130
Falls			*	AT A SHARE		+	
Arodald				Relia			
Ford Mater		2 -		Mogen Carban	2998	_	-
Gen Motors	27		Ļ	Unidates President			=
USAb	105	-	-		1790	_	_
PARIS (FFr)				Sodick	1440	_	130
Pises Nav Mbor	1218 -	+	38	The Paint	856	_	79
New York pric	:es at	12.30	ž.				
LONDON (Pe	(#OFI						
Rises			_	Hillschown		_	- 2
Cosak	150	+	8	IC)	1139	_	
Treety	149	÷	13	Confisher	477	_	11

Micro T & N

#### Sales, at \$3.60m, were cant up on the previous net improved per wall wall enough to lift the share price over \$70 mark. Now it is clear on the crest of a wave, poised to crash into a trough. reported its first-ever quarterly loss, taking a Include Pfeiffer restructuring charge after announcing it making 12 per of its workforce redundant. Among the 1,700 or so people who lift the company's and executive, Mr Joseph "Rod" Canion, sacked to a boardroom dispute over way to make the com-

involving eight all its 10 man dealers. And the rapidly strength-ening dollar hurt sales outside the US.

There is a European flavour about this US company's recovery plans. In addition to Mr Pfeiffer, Mr Gian Carlo Bisone, formerly marketing vice-president pany's fortunes. The lam price around the \$25 mark.

"It all happened in an quarters; that a lam is so incredifor the company's accessed divi-sion, has been promoted to vice-president for corporate mar-

Mr Andreas Barth, now European head, explains the approach: "We built Compaq in Europe as a series of local compaenvironment and profit and loss responsibilities," he says. "Each country organisation

has its own sales and marketing staff – everything. In fact, apart from research and development. It enables them to be very close to the market. In the US, in con-

a market which has suddenly **Marketing costs** Revenue

# as in per cent of sales

# Christie's directors take pay cut

Third qtr 1991

tion house, taking their see the saleroom through global recession in the limit market. Turnover in autumn \$485.4m), 20 per cent reduction responding period Coverall in 1991 were pared with £1.1bn in

Mr Christopher Davidge, aging director Christies International, announced hensive cost-cutting package which leads from the top. The salaries of directors and senior managers are frozen, and other managers and staff will receive a cost of living increase in January to be suspended until July. only includes for Christie's

was that it arch rival, the Uni-

owned Sotheby's, announced

THE ball board directors if marginally worse performance. Christie's, I have the list autumn turnover of \$566.3m was 25 per cent lower than in 1990 and its annual sales figure of \$1.1bn was down nearly 55 per on a year and for the fall in

turnover was La Mulipai in ticular for Impressionist and modern pictures. Uses sophisticated marketing campaigns by Sotheby's and Christle's attracted new buyers

in this market, perticularly lie Japanese. In the season, the sector accounted for more than 50 per cent of the turnover of both auction houses. It has now fallen back to nearer 25 per cent.

However, the traditional col-lecting areas - Old Master pic-tures, furniture, silver, and jew-

els - have held up well during

recession. Christie's reported
Master pictures to the autumn 1 68 to the higher than 1 100 culminating record auction for 1 1 1 1 1 1 last Friday al £22.3m, with Titian's Venus and Albana selling 12 £7.4m, the highest price paid for painting in a saleroom in IMI Earlier in December the brought in £7.7m, a record for a London furniture sale.

Sotheby's has lims success particularly min decorative which accounted for 55 per of turnover in LGT against 22 per 52 per cent of against Chris-

tie's per was slightly firmer in mainly because used a new persuading lower reserves.

1475 - 35

197

### INTERNATIONAL COMPANIES AND FINANCE

# S-E Banken Skandia stake plan

By Robert Taylor

SWEDEN'S central bank advised the country's government yesterday not to approve Skandinaviska Enskilda Banken's proposal to acquire a 4.9 per cent stake in Skandia, the country's leading insurance

The bank said S-E Banken the largest commercial bank in the country - had failed to make why it wanted make such purchase. It lacked a plan in how its involvement in Skandia would be integrated into its other

business activities.
Under 0 legislation, labish banks 111 allowed 111 acquire shares in insurance companies, but only under specified conditions.

The central bank's decision is a mill setback for S-E Banken, which uired 28.2 per cent option in October month is all but is per cent of its option III In Store brand, the Norwegian insur-ance group, Hafnia Hold-ing, Danish insurance

company.

The central lark saked for its opinion on SEB's share option purchase by the country's bank inspection

#### **PPG Industries** ioins Asahi in China venture

PPG Industries, the biggest and and producer of glass fibre, in an alliance with Japan's All II is develop a flat writes Karen Zagor in New

Tokyo-taned Lank will acquire 50 per stake in PPG trailary, Pennyasia, which in turn holds a 50 per cent stake in China's Guang-

dong Float Glass. US-based PPG said Asahi will help manage and operate Pennyasia and GFG and will ogy and marketing strengths.

# Setback for USAir signs agreement to manage Trump Shuttle

USAIR, the sixth largest US carrier, said yesterday it had signed an agreement in principle to manage the Trump Shuttle, the east coast airline operation which Mr Donald Trump acquired two years ago.

The agreement was signed with the Trump Organisation, holding company for the hely-indebted businessman, and group of banks which lent money to help fund his \$365m purchase of the service, which flies between Washington, New York and Boston. USAir's announcement came only minutes after American Airlines, one of the three biggest US car-riers, said it had ended similar

USAir, which making heavy losses, said although details of the management agreement were still being worked out, it would include an option to purchase the shuttle after five
The Trump Shuttle was bought by the York-based

property developer from East-ern Airlines in 1989, with Citi-bank providing \$390m in loans for the deal. Since then, there has been acute financial pres-sures on the Trump Organisa-tion, and the Shuttle's future has been uncertain for well over a year. Attempts to sell the operation at anything like the 1989 price proved abortive. Earlier this year, the banks

planned to repossess the Shuttle as part of a general reorganisation of Mr Trump's personal debts, and pass operational management to Northwest Air-lines. However, the deal fall apart in September. American subsequently disclosed that it was considering a replacement management deal, as did other parties, including USAir.

parties, including USAIR.

The rival shuttle operation, formerly owned by Pan Am, has already been sold to Delta Air Lines. Separately, Delta disclosed that it planned to take a \$50m write off in its second. ond financial quarter to cover expenses related to its role in Pan Am's falled reorganisation

## Canal Plus beats downturn

pay-TV channel which recently abandoned plans for a merger with the Havas media group, has lightened the gloom in France's depressed bergins industry. The company yester-day forecast higher-than-expec-ted profits of FFrL05bn (\$190m) for 1991, compared with FFr910m for 1990.

Mr André Rousselet, dent, quelled speculation his would La Cinq, troubled French TV

channel fighting for survival. La Cinq's sell yesterday staged a 24-hour strike over a radical package involving job among a permanent staff of 537

this week.

Canal Plus had been seen as

possible "white knight" for La Cinq, which im Tuesday admitted it was heading for losses of FFrl.12bn
Hachette, Hackette, desperately
Cinq, desperately

searching for new investors. Hachette has held talks with Mr Ronsselet, however, yest-erday ruled out any potential limit and by Canal Plus

with La Cinq.

Ling has, like other French TV stations, been hit by the downturn in the advertising market. However, Canal which, a pay-TV tion, derives most of its revenue from subscriptions, has remained resilient.

## AMD lifts sales of clone Intel chip

By Louise Kehoe in Emil Francisco

ADVANCED Micro Devices is ADVANCED Micro Devices is rapidly expanding sales of its "clone" of Intel's top-selling microprocessor chips, challenging the latter's dominance of puter "brain" chips, and boosting projected revenues for the correct quarter current quarter.
AMD's stock price rose yes

terday, when the semiconduc tor manufacturer announced it expects to have sold 2m of the microprocessor chips by the end of the year, just nine months affer that introduc-

AMD shares gained \$1% to trade at \$16% yesterday morning. Intel declined almost 5 per cent iii \$42%, down from

Wednesday's close of \$44%. "Unexpectedly strong demand for the Am386DX prod-ucts, coupled with continued strong demand for Am386SX devices, should result in total revenues from Am386 family products increasing in the current quarter to over \$120m, more than double last quarter's \$59m," said Mr W. J. Sanders, AMD chairman and chief arrenting

Total corporate sales will substantially exceed AMD's previous quarterly record of \$325m, producing operating results well in excess of securities analysts' current expecta-ties. Mr Sanders said. Intel, however, is expending

chief executive.

sales of its next generation 486 sales of its next generation 486 microprocessor and is expected to launch a more powerful 586 version next year to maintain its lead over competitors, Intel and AMD, Silicon Valley rivals, have been locked in a bitter dispute for more than four many court AMD's claimed.

a inter dispute for more than four years over AMD's claimed rights to manufacture Intel-designed microprocessors. An arbitrator appointed by the companies to resolve the dispute is expected to issue his final ruling within the next three weeks. three weeks.

The outcome of the case could have a significant impact

upon the growing competition in the personal computer

# motorcycle maker to be restructured

By Lesile Collit III Berlin

MOTORRADWERKE eschopus (MZ), the Germany motorcycle producer, is to be placed in voluntary liquidation and restructured. Trenhand privatisation agency

MZ's market in eastern Europe collapsed after the Deutsche Mark was introduced to east Germany last year. Of the 70,000 MZ motorcycles which were to have been sold this year, only 15,000 found

buyers.
Despite liquidity guarantees by the agency of more than DM70m (\$44.3m), the company suffered losses of DM66m in 1990-91 on turnover of

1990-91 on turnover of DM102m. Fifty companies around the world were approached but showed no interest in a takeover.

The company, employing 1,200 people, is to be restructured by a west German lawyer who served as a successful liquidator in the restructuring of a large west German of a large west German

• East Germany's largest paper plant, at Schwedt on the Oder river, is to be sold by the Treuhand to a consortium which includes the East German Investment Trust of Edinburgh.

#### MAN expects to maintain DM12 dividend

MAN, the Munich-based engineering group, yesterday said II was likely to hold its dividend at DM12 per share in the current year, writes David Waller in Frankfurt.

This was further demonstra-tion of the group's confidence in the face of a steep fall in profits growth after four sucessive years in which earnings have grown at 20 per cent

a year.
Following remarks last mouth that the growth in profits in the year to June would be in single figures, Mr Klaus Götte, chief executive, retterated that for the current year they would be at least as high as the DM406m (\$256.9m) made in 1920.01. made in 1990-01.

# E German | Von Roll cool on 22.8% investment by Proventus

THE REVELATION this week by Proventus, the Swedish investment group, that it had accumulated a 22.8 per cent stake in the Swiss steel and engineering group, Von Roll, did not come as a complete surprise in Swiss financial circles

cles. Swiss stock market analysts said it had been evident for some months that someone was accumulating Von Roll shares, and this was not the first time the shares had been in play.

However, as the minimal impact on the depressed share

price shows, no one expects the stake to have much effect on the company for some time. For one thing, Von Roll's bylaws stipulate that no

individual shareholder can exercise more than 3 per cent of the votes, and the company has made clear that it will not allow Proven

von Roll's reaction to the investment has been cool. "It is not a bad thing. It proves that some analysts are interested in Von Roll," the company said

Proventus had made contact with Von Roll "a few weeks ago", but had not yet asked for a seat on the board, it added. The Swiss company's prospects do not look particularly bright in the near-term. It is probably best known at the propagily best known at the moment as one of the companies that was accused by the swiss authorities in March of exporting military components to Iraq, thought to be for use in the infamous "super gun".

It is a traditional metals

group with a lot of mature products. Nearly 30 per cent of its sales come from steel-making, another 16 per cent from castings and pipes, and the remainder from other

businesses. Most of these businesses are suffering in the

Attempts to expand into higher value added products in recent years have not been too successful.

Pre-tax profits have tumbled from SFr105m in 1988 to SFT/6m (\$54.6m) last year and are generally expected to be much lower in the current year. Sales were down 11 per cent in the first half of the current year to SFr1.07bn.

Proventus said fts investment, worth SFr76.5m. was made with a view to the long-term, and some analysts believe that could pay off.

"In three to five years, Von-Roll could be showing some good results," says Mr Daniel König of bankers Picter & Co. Also, the bearer-shares, at SFr900 yesterday, trade below stated net asset value of mechanical and engineering SFr2.021 at the end of last year,

## CBOT lags but CME hits record

tary, that his department is studying a halt of issuing the 30-year US bonds. CBOT offi-

cials immediately complained that such a decision would

In addition, some of the

By Barbara Durr in Chicago

THE two largest futures markets, the Chicago Board of Trade and the Chicago Mercantile Exchange, are winding up 1991 on considerably different having an off-year, exchange officials were incensed by a recent suggestion by Mr Nicho-las Brady, US treasury secre-

notes.

Trading IIII al IIII
CBOT, world's largest and oldest futures exchange, is running about 11 per cent behind last year. The drop reflects a fall of almost 11 per cent to activity in US Treasury bonds, world's the heavily Bond Out and futures options account for three quarters I lie CBOT's with principal product

cripple the CBOT.

exchanges' products have flopped. Interest rate swap futures are floundering and its Total index and Japanese government bonds futures

are not trading.
At the CME, officials are crowing that with several days

yet to go the exchange has already set a yearly trading volume record of 104.9m con-tracts. Volume is running over 4 per cent above last year, it has surpassed any other exchange in the world for the

number of contracts outstand-ing, or open interest, of more than 3m contracts. with volatility in short term interest rates and currencies, trading has been heavy in the those prod. D. Mark and Eurodollar futures and futures options have led the pack.
Open interest in Eurodollar fatures and futures options has hit record levels.

### Vancouver operator seeks BP mine deal

ROYAL OAK Mines of Vanconver will lift its gold out-put by almost two-thirds with a tentative agreement to buy the mothballed Hope Brook mine in Newfoundland from BP's Canadian subsidiary,

Royal Oak - signed a letter of intent in pay for the acquisition by issuing Lim Repayments on a C\$14m loan from the Canadian government

shares, worth C\$7.7m (U\$\$6.7m) at present market prices in addition, it will pay a sliding-scale royalty when the mine is operating and gold will be made only if the bullion price rises above U\$\$500.

The agreement is still subject to a due diligence example to the receipt of environments of the receipt of environments. sliding-scale royalty when the mine is operating and gold prices are above US\$380 an ounce. For instance, the roymental permits and negotiations with the union at the mine and the government. BP Canada closed Hope alty will be set at C\$1m m year at the up in Use an-Brook earlier this year because

**NEW ISSUE** 

This announcement appears as a matter of record only.

December, 1991

## Mitsui Mining and Smelting Company, Limited

FFr360,000,000

63/s per cent. Guaranteed Bonds due 1995

Warrants

ISSUE PRICE 100 PER CENT.

Crédit Lyonnais

Mitsui Taiyo Kobe International Limited Goldman Sachs International Limited Salomon Brothers International Limited

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S.G. Warburg France S.A.

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Banque IBJ (France) S.A. Caisse des Dépôts et Consignations Lehman Brothers International Paribas Capital Group UBS Phillips & Drew Securities Limited

Yamsichi International (Europe) Limited

NOTICE OF PURCHASE



#### **EUROPEAN INVESTMENT BANK**

GBP 500,000,000 9.50% Loan

Pursuant to the terms and conditions relating to the

As of 9th December 1991, the principal amount of

GBP 469,000,000.-

Luxembourg, 20 December 1991 European Investment Bank



due (ELIZWER

Stock, notice is hereby given to stockholders that GBP 2,500,000.- of the European Investment Bank's 9 1/3% Loan Stock have been purchased in partial satisfaction of the purchase fund instalment.

Bonds remaining in circulation was





EZEROPEAN INVESTMENT BANK halim liss 200 Billion Floating Rate Notes Due 1996

TL 629,063- per TTL 100,000,000 New TTL 6290,625- per TTL 100,000,000 New maber 23, 1991 SAMPAGLO-LARIANO BANK S.A.

April Back

# 🏰 Nationw 🖟

Schult Chesine Floating rate notes due 2004

Notice is hereby given that the notes will bear interest at 111/,% per annum from 19 December, 1991 to 19 1992. Interest payable on 19 March, 1992 will amount to \$279.71 per \$10,000 note.

Nationwide Building Agent: Morgan Guaranty Trust Company JPMorgan.

## CHESHIRE

The PT proposes to publish this

FT SURVEYS

# Compagnie Bancaire

-15/70 B)=

For the interest period December, 1911 18 March, 1992 the notes will bear nterest at 🔳 1/2%, per ann Interest payable on 18 March, 1992 per \$100,000 note will nomi to £2, Tel

> Agent: Morgan Guaranty Trust Company JPMorgan.

5300,000,000

(u)))

Floating | | | | | | | |

Initial Tranche

#### Taiwan Power Company

Credit Sulsee First Boston Limited

U.S. \$200,000,000

**B.B.L.** International N.V.

Floating Rate Notes Due 2001

Guaranteed on a Subordinated Basis

as to payment of principal and interest by

Banque Bruxelles Lambert S.A./

Bank Brussel Lambert N.V.

per U.S. \$ 10,000 New U.S. 8 1933 = U.S. - U.S. - LUGAT

4.55% per annum

20th December 1991 22nd June 1992

(incorporated with limited fisblitty in Talwan, Republic of China)" -US\$100,000,000 Floating Rate Notes Due 1992 Holders of Roating Rate Notes of the above issue are hereby notified that be the next interest period from

December 20, 1991 to June 22, 1992 the following information is relevant:

Interest Period

22nd June 1

Inhmal Amount due

1. Applicable interest rate: per annum 2. Interest payable on next interest payment date; 79

Next interest peyment date:

Reference Agent BA Asia Limited

**Appointments** Advertising

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Friday (in the international edition only)

MITSUL REAL ESTATE DEVELOPMENT CO. LTD. YEN 30,000,000,000

per US\$10,000.00 nominal or US\$6,744.79

per US\$250,000,000 nominal

June 22, 1992

FLOATING RATE NOTES DUE 1995 Notice is hereby given that for the Interest Period from 20 December 1991 to 22 June 1992, the rate of Interest will be 6.4% per ansum. The interest payable on 22 June 1992 will be Yen 323,555 per each Yen 10,000,000: Note.

Agent Bank The Mitsul Trust & Banking Co.

Swiss Samia Co Universal C. A

Non

Bankers Trus

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Robert Figgrii

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. Credit Swisse Firs Goldman Sachs L Morgan Startley I

Henry Schroder

Universal (U.K.) I



## SANWA SHUTTER CORPORATION

#### U.S.\$260,000,000

35/a per cent. Bonds Due 1995

#### Warrants

subscribe for shares of common stock of Sanwa Shutter Corporation

ISSUE PRICE 100 PER CENT.

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seeks BP mine de

1.1. Importational NA

Daiwa Europe Limited

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Bayerische Vereinsbank Aktiengesellschaft

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Banque Indosuez

Baring Brothers & Co., Limited

**BNP Capital Markets Limited** 

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Lehman Brothers International

Mitsubishi Finance International plc

New Japan Securities Europe

J. Henry Schroder Wagg A Co. Limited

Tokai International

S.G. Warburg



#### RYODEN TRADING COMPANY, LIMITED

U.S.\$100,000,000

35/8 per cent. Guaranteed Bonds 1995

#### Warrants

tu subscribe for shares of common stock of Ryoden Trading Company, Limited The Bonds will be unconditionally and irrevocably guaranteed by

The Mitsubishi Bank, Limited

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NEW ISSUE

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November,



### **SUN WAVE CORPORATION**

(Incorporated with limited liability under M Commercial Code of Japan)

U.S.\$100,000,000

■ per cent. Guaranteed Bonds Due 1995

Warrants

to subscribe for shares of common stock of SUN WAVE CORPORATION Payment of principal and interest being unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

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Norinchukin International plc

Ssangyong Investment 
Securities Co., Ltd.

December, 1991

Tokai International Limited Wako International (Europe) Limited

Yamaichi International (Europe) Limited

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## TAMURA CORPORATION

U.S.\$70,000,000

3% per cent. Guaranteed Bonds 1995

Warrants

to subscribe for shares of common stock of Tamura Corporation The Bonds will be unconditionally and irrevocably guaranteed by

The Sumitomo Bank, Limited

ISSUE PRICE 100 PER CENT.

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Fuji International Finance PLC Kankaku (Europe) Limited

Wako International (Europe) Limited Mitsubishi International plc

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S.G. Warburg Securities

Dongsuh International (Europe) Limited

Merrill Lynch International Limited Ssangyong Securities Europe Limited

Sumitomo Trust International plc Bank I Tokyo Capital Markets Group Okasan International (Europe) Limited

**IBJ** International Limited

Banca del Gottardo Baring Brothers & Co., Limited

Robert Fleming Co. Limited

Salomon Brothers International Limited Swiss Bank Corporation

Meiko Europe Limited

Universal (U.K.) Limited

#### Sumitomo Trust Banking Co., Ltd.

## Interim results 30th September 1991

	Millions of Yen 6 months ——— September		Millions of Yen 31st March 1991
Income before Income Taxes	₩ 37,\$23	¥ 51,341	₩ 91,740
Liscome .	19,292	29,505	52,041
Total Assets in Banking	16,763,304	18,198,491	17,649,686
Total Assets in Trust	32,249,974	33,056,726	31,803,785
Interim Dividend	Y LU per share	¥ 4.25 per share	¥ 8.50 per share

Interim Financial Statements for ■ months ended 30th September 1991 will 👫 available upon request from December 31st 1991. Please direct enquiries with address below.

The Sumitomo Trust Ranking Co., Ltd.

155, Bishopsgate, London 1821 3XU Telephone: 071-945 7000 Fax: 071-945 7177

#### OMRON

Advice has been received from Tokyo that payment of a Cash Daktered of Yes 6.20 par share has been made for the act months period ending 500 flegistember 1991. The dividend will be psycholar in United States Dollars, isosoph to residents of the United Registers of the United Registers of the United Registers of the States Depository there believe disclaration of any Japanese William of THE UNITED ROMANDOM will receive payment in stelling converted at the rate of enthuspe miling on the day of presentation of the coupons.

CORPORATION

presentation of the coupons.

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CHINGS SELECT OF ALL OTHER COUNTRIES (EXCLUDING THE REPUBLIC OF KORLA) who are subject to deduction of Japanese Withholding fix at the bit alto of 25% will receive a net dividend of 50.20 per Depository share, site obstacles of Withholding fix amounting to 80.05. any arms, and contacts of variances; its amounting to \$0.03.
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ADDITION OF SEARCH DEPOSITION Bank Limited, treet, London ECSP 2LX. (Where lodgement forms for a validable). Knedlethenk S.A. Lusembourgsoles, 40 Boulevert Royale, Lusembourg. Benkel Tokyo Limbad. 4-6 Ras Sainta-Area, Paris 1, France. Bank of Tokyo Limbad. Incommunications 48, 4000, Dusseldorf, Germany.

Germany,
Benk of Tokyo Limbed,
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#### INTL. COMPANIES AND CAPITAL MARKETS

# Sandoz follows Roche to the US

T WAS undoubtedly a pure coincidence - but a cruei one - that two of Basle's giant chemical groups announced strategically signifi-cant decisions on Monday, both of them pointing in the same direction.

Shortly after Ciba-Geigy said it was cancelling its plan to build a SFr120m genetic engineering centre in its home city, Sandoz unveiled a \$392m bid for control of SyStemics, a Californiabased, leading edge biotechnol-

ogy research company.
The decisions could mark the beginning of the decline of Basle as one of the world's most fertile centres of speciality chemical and pharmaceutical research.

Both decisions were moti-

vated by the same two factors vated by the same two factors
on the one hand, the pressing need, as perceived by the
companies, to forge ahead with
development of products based
on genetic engineering, and, on
the other, the hostility of the
people of Basic to having
research in this area done in
their city. research in their city.

The confrontation between business interests and environ-mentalists is perhaps nowhere more difficult to resolve than in genetic engineering. For leading pharmaceutical compa-nies, like Ciba and Sandoz, there is simply no alternative to being active in research in this area.

The approval process for pharmaceutical products is now so long and laborious that they could not risk falling behind in a field that is so promising for not only the treatment of diseases, but also their diagnosis and prevention.

sees \$500m loss

BRIDGESTONE, the Japanese tyre company, said its US and European operations will post after-tax losses of \$500m for the 12 months to December. Bridgestone said combined

losses at Bridgestone/Fire-stone and Bridgestone/Fire-stone Europe, the US and Europe-based affiliates, were

larger than previous projections of \$350m as the pro-longed US recession and an increase in retirement pay-ments for a staff out of 3,400 jobs contributed to additional

ernings. Earlier this year, the com-

to resign from

Salomon Bros

THE management shake-up at

Salomon Brothers, the Wall

to resign. The departure of Mr Hig-

gins, who was a vice-chairman and one-time member of Salo-mon's key policy-making exec-utive committee, had been

expected since he was excluded in November from the new nine-man manage-ment committee that was set

up by Mr Deryck Maughan, the house's chief operating

The make-up of that commit-

tee showed a distinct blas among Salomon's management towards the bond trading

department, which tradition

gled in recent years, such as US equity trading and invest-ment banking, which Mr Hig-gins led until December last

By Patrick Harverson

In New York

in US, Europe

**Bridgestone** 

By Emiko Terazono

is no time battler," says Ms Florianne Köchlin, one of the leaders of the anti-genetic engi-neering movement in Basic. "A living organism can be dormant for 10 or 15 years."

Issues involving genetic engineering have already fiared up in a number of places in the world, but only in Basic have they reached a critical point. The problem with Basic is that it is in Switzerland, a

knowledge of biotechnology, genetic engineering is a frightis known about it.

"The risks in this technology have a new dimension — there is no time hereles."

"The risks in this technology have a new dimension — there is no time hereles."

"The companies have worked hard since then to restore confidence in their ability to oper-

hard since then to restore con-fidence in their ability to oper-ate safely, but have obviously not succeeded. Now they are beginning to move away, and are finding that other areas, especially in the US, are only too happy to have an invest-ment from a high-tech chemical company.

Roche was the first to react to the new environment in its home city, making a bold \$2.1bn bid in early 1990 for a 60 per cent stake in Genentech.

Ian Rodger explains why Sandoz and other leading Swiss chemical groups are moving away from Basle in order to develop products based on genetic engineering

country that gives virtually endless opportunities to indi-viduals and small groups to block developments they do

In the case of Ciba's application to build its genetic engineering centre in the city.

opponents managed to stretch out the examination process for two years. Then, after Cha won its case last July, they appealed to the courts, starting a process that could take

another three years.

The hostility in Basic to the big chemical companies dates from November 1 1986, when a fire broke out at a Sandos chemical warehouse at Schweizerhalle on the out-skirts of the city. As the fire

the leading US biotechnology group. It is now understood that Roche's investments in this crucial area will be carried

out mostly in the US.

Sandoz has proceeded at a more cautions pace, acquiring plots of land in the US, co-operating in research projects with the Genetics Institute in Cambridge, Massachusetts, and now having into the greatly but

bridge, Massachusetts, and now buying into the small, but sharply-focused SyStemics. SyStemics is a two-year-old company formed by scientists from Stanford University who were working in a promising area of blood cell chemistry. They succeeded in separating stem cells, which are believed to be the progenitor cells of all blood cells, from hone marrow,

and the company has recently won patents for this process and for a means of composing

stem cells. The company hopes that the use of purified stem cells in cancer therapy could provide significant advantages over transplanted whole bone mar-

Sandoz, for its part, has been focusing increasingly on immu-nology and oncology - cancerrelated areas - in its pharma-centical research. It supplies the leading drug for suppressing the body's resistance to organ transplants, Sandim-mun, and has developed, together with Schering-Plough of the US, a blood cell growth factor (GM-CSF) for treating

Ciba-Geigy has, until now, been the most reluctant to move its cutting edge research away from Basie, and even this week's decision means that it will not be moving far. It has applied for permission to build its so-called Biotechnikum at Huningue, just across the bor-der in Alsace.

It was a cheeky thing to do, because it means that the opponents of the plan in Basic will still have to live with the risks of the centre, while the Still, for Mr Heini Lippuner, chairman of Ciba's executive committee, even that was a dif-ficult decision. A few weeks ago, speaking about the prob-lem, he said: "It would not just be a pity for Ciba, but a great loss for Switzerland. In what other high value industries can Switzerland compete? We missed microelectronics. Why

#### REMY COINTREAU MERGER APPROVED

At Extraordinary Meetings of shareholders II Remy & Associés and Pavis held on December 1991, the merger of the two groups to Remy Colnirosu, was approved.

The merger parity adopted is one Rémy & Associés share for one Pavis a per value of IRFIO. This parity was calculated on the mile of the little for the little of the little for the little of the little of

companies:

- price earnings ratio and consolidated not profit Shares in the newly formed Rémy Colntreau will replace Rémy Associés on 24th December 1991 on the Paris Bourse, and on 27th December

Capi	ai (%)	Voting rights (%)	No. of shares		
ORPAR OTHER	45,5 34,8 33,7	(subsidiary owned) 44,2	13 472 320 6 172 602		
TOTAL	100	100	207 (00), 690.0		

M. André IIII Dubreuil Rémy Cointreau, ithat the new company would a seed a seet the previously publicly quoted company. It addition, he said that the merger would give the Group the strengths required to achieve its goal

The new company have total coerci over its prestigious brands Rémy Martin and Cointreau, Krug.

Champagnes, Galliano liqueur, Mount Gay rum and the Group's wines, as well as Saint James rum and Clés des Dues armagnes, the apenitif will and Izarra liqueur. Furthermore, the new company will encompase the fig. | Linear barrel-making unit and in the linear linear



#### CREDIT D'EQUIPEMENT PETITES ET MOYENNES ENTREPRISES £35,000,000

111/4% Guaranteed Bonds 1995 For the period 19th December, 1991 to 19th June, 1992 the Floating Rare Notes will \_\_\_\_\_ an interest rate of \_\_\_\_ per annum and coupon amount of U.S. \$41.37 \_\_\_\_ U.S. \$1,550 Note, \_\_\_\_\_ 19th June, \_\_\_\_\_\_

Bankers Trust Company, London

Agent Bank

STATE BANK OF SOUTH AUSTRALIA **■ \$75,000,000** 

**FLOATING RATE NOTES DUE 1994** Holders of the notes of the above issue are hereby notified that for the next interest sub-period the following will apply. INTEREST RATE: 7.50 PER CENT PER ANNUM INTEREST PERIOD: 18 DECEMBER 1991-18 MARCH 1992

INTEREST AMOUNT DUE: 18 MARCH 1992

PER AS10,000 NOTE: AS186.99

BANK OF TOKYO AUSTRALIA LIMITED AGENT BANK

#### THE REPUBLIC OF TRINIDAD AND TOBAGO

U.S. \$50,000,000 Floating Rate Notes due 1992

Notice is hereby given that the Rate of Interest has been fixed at 5,875% p.a. and that the interest payable on an relevant interest Payment Date, June 22, 1992, against Coupon No. will be U.S. \$301.91.

By: Citibank, N.A. (CSSI Dept), Agent Bank CTTBANCO



#### Sumitomo Rubber Industries, Limited (the "Company")

U.S.# 100,000,000 41/, per cent. Guaranteed Bonds due 1992, with Warrants ("A" Warrants)

U.S.\$ 100,000,000 E per cent. Guaranteed Bonds due 1996, with Warrants ("B" Warrants)

#### 'ADJUSTMENT OF SUBSCRIPTION PRICE'

Paying and Warrent Agreement" of "A" Warrents 16th Agency Agreement" # "B" Warrant dated 25th July, 1991, notice is hereby

(1) The Company in resolved at in meeting of the Board of Directors held on Well November, Well William Stock Spi of Common Stock by way of First distribution of shares in Common Stock February, Japan Time, to describers as of film December, 1981 (Tuesday), Japan Time ("Record Date"), at the rain of 0.07 [114] for each one with the mail by such shareholders, and

(2) 🖦 a result 🖆 🔤 Split, the subscription prices, in cased with "A" Warrants, will be respectively adjusted as

1. "A" Wilmins M Subscription price before adjustment: Yen 904.10

per Share Yen 845.00 It Subscription price and adjustment: per Share

718.00 Subscription price in a edjustment: per Share Yen 671.00 it Subscription price with adjustment: per Share 3. Princing them of make adjustments:

1st January. (Japan Time)

Comalco Finance Limited

Notice is hereby given that for the interest period 20th December 1991, to 20th March, 1992 the

interest rate has been fixed at 5%.

payable = March,
1992 will amount to US\$126.39 per

Agent: Morgan Guaranty Trust Company

J P Morgan

US\$180,000,000

unitomo Rubber Industries, Ltd. The Sumitono Bank, Limited,

CREDIT LYONNAIS USD 250,000,000. UNDATED SUBORDINATED Notaholders are hereby informed that the rate applicable for the second period of interest has been fixed at 5.4125%

The coupon No 2 will be payable at the price of USD 138.82 on March 19th, 1992, representing 91 days of interest, covering the period as from December 19th, 1991 to March 18th, 1992 inclusive. THE AGENT BANK AND PRINCIPAL PAYING AGENT

CHEST LYGINAL LANDWOOMS I.A.

Currency Fax - FREE 2 week triat



EAL FUTURES LTD As from Monday, 16th December, 1991 are pleased to announce their relocation to: 162 QUEEN VICTORIA STREET, LONDON EC4V 4BS TEL: 071-329 3030 - FAX: 071-329 3918

LLE \$150,000,000 MARINE MIDLAND BANKS, INC. Floating Rate

Notes Due 2009 5.25% per annum 20th December 1891 20th March 1892 nterest Period Present Amount due 20th March 1982 per U.S. 610,000 Note U.S. 6132,71 per U.S. 850,000 Note U.S. 6562,84

US\$100,000,000 Floating rate subordinated notes due 2005 Notice is hereby given that for the

J P Morgan

NBD BANCORP, INC.

interest period 20th December, 1991 20th March, 1992 the interest rate has been fixed at 5%. Litterest payable on 20th March, 1992 will amount to US\$132.71 per US\$10,000 note. Agent: Morgan Guaranty Trust Company

year. Mr Higgins, who will retire at the end of the year, was with Salomon for 22 years. He said yesterday that he had no immediate plans, and would take some time off before making any decisions about his career.
Ironically, during his time at Salomon Mr Higgins played an important role in coment-ing the firm's relationship

with the World Bank His departure comes a few days after the World Bank agreed to lift its sus-pension on bond trading with Salomon imposed after the scandal broke in

#### **American Express to buy** Lifeco Travel Services

By Karen Zagor in New York

AMERICAN Express, the US financial services company, is to acquire the fifth higgest US travel agency, Lifeco Travel Services, in a deal believed to be worth \$100m.

Lifeco has cales of about

\$1.2bn, with 90 per cent related to corporate travel. American Express said it would buy all of the stock of Lifeco and its affil-iates, including Competitive Technologies, a travel technol-

ogy company.

American Express hopes to strengthen its position in the corporate travel areas in the US through the acquisition and broaden its presence in the south-west, where many of Lifeco's clients and offices are

located. Express already dominates the US cor-porate travel market in terms of airline tickets, with \$3.27bn

In addition to gaining access n addition to gaining access to Lifeco's corporate client base, the inclusion of Competitive Technologies appears to be an important part of the deal. American Express said: "It is important to generate the lowest logical air fare, and for that you have state-of-the-art technology."

in sales last year.

nology."
American Express will also acquire Lifeco's three European travel companies – Mark Allan Travel in the UK, Tourisme Industrie in France, and Lifeco-RAK in Germany.

#### Reckitt sells South African food interests

By Philip Gawith in Johannesburg

TIGER OATS, the food, pharmaceuticals and fishing company in the Barlow Rand group of South Africa, is to acquire the food interests of Reckitt and Colman (South Africa), the local subsidiary of Reckitt and Colman Reckitt and Colman In addition to the brands of Colman Foods, Tiger

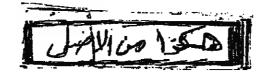
will also acquire its 50 per cent stake in Petz foods. Cost of the deal is undisclosed, but analysts estimate it at Ricom (\$360m). It will add R200m to Tiger's turnover, which totalisd R7.960n in 1991. After-tax profits rose 23 per cent to R348m.

#### FT/AIBD INTERNATIONAL BOND SERVICE



STRAIGHT BONDS: The yield is the yield to redesoption of the bid-price; the amount issued is in millions of currency units. Chg. day - Change on day.

\*\*TRUNTING RATE MOTER: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin shows sto-month. Criteria major rate (three-mosts fathous mean rate) for US dollars. Cops=The current coupon.



Ruckitt sell

South Africa

food interes

January Gewijh

to buy

#### INTERNATIONAL CAPITAL MARKETS

# AL MARKETS FINANCIAL TIMES FRIDAY DECEMBER 20 .... Traders surprised by size of Bundesbank increase

By Fami Webb in London and Patrick Harverson in New York

By Sam Webb in London

THE Bundesbank's decision to raise interest rates by half percentage point dominated the European bond markets yesterday, forcing Denmark, the raise rates, leading in Speculation whether France and the UK would be forced to follow suit.

GOVERNMENT

BONDS

THE Bundesbank's decision to raise interest rates by half percentage point dominated the European bond markets yesterday, forcing Denmark, the see rates and the UK would be forced to follow suit.

the size of the increase in German rates, but welcomed determination curb inflation and maintain a tight monetary policy. The Lombard rate was raised from 9.25 per cent to 9.75 per cent, while the discount rate rose from 7.5 per cent to 8 per cent. Inflation is expected to peak at about 5 per cent in the spring of 1992 before falling again.

Long-dated German

Long-dated German international investors concentrated on buying 10 year paper where they believe there is the greatest scope for profit once inflation starts to fall.

The European markets have been dogged by speculation of a rise in German in months. However, the market greeted yesterday's
to raise rates with
relief, firmly believing the
the final

the final in German rates,
Activity in the was subdued Bundesbank sharply in the hand futures contract opened

contract, whit opened we 86.93, was volatile

		Red				West	
	-		Print	Change		200	
AUSTRALIA	12.000	11/01	The state of	71.2	9.55	9.60	9.1
BELGIUM	1,000	**		-34	8.50	9.07	9.0
CANADA "		-		-	1.0	2.53	14
DENMARK	1,000	V .		10.00	10.79	8.86	8.5
BTAN OAT	9.500	<b>01/01</b>	16.1	100	9.17	0.00	8.8
GERMANY			-0.0	# G.335	All	13	M
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No 119 No 129		03/00	ME	144	5.98 5.86	5.94 5.63	8.16 5.80
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uk 🔤	18,000		160-22	-10/32	9.63	9.72 9.80 9.30	9.75 NTI 9.55
US THE LAND	1.00	TANKS.		-10/32	716	100	18
	8,000	11/21	29-49	+13/32	7.72	TID	XIII

a sharp rise in weekly munemployment insurance

30-year government was up at 1042, yielding 7.768 per cent, while the two-year note was up at 392, yielding 5.067

per cent.

The news that sparked buying at both ends of the market was the Lahor Department's report of a 79,000 rise in jobless claims during the first week of December.

The increase was double analysts' forecasts, and suggested that conditions in

economy by Alan Greenspan, Chairman, given II Congressional hearing on Wednesday III already

high hopes of a monetary and yesterday investors bought

Treasuries because they would increase the pressure on Fed

JAPANESE government
prices slipped back on
profit-taking and
disappointment in the
Federal Reserve chose not to
lower interest in on
wednesday. The market in
been expecting an easing in US
the yield on the benchmark
No 129 opened at 5.635 per cent

No 129 opened at 5.635 per cent and Hrad L 5.65 per cent on low volumes.

hefore Carlotte

hi midday, the leadings

by a half percentage point.

Meanwhile, France ended
the day almost unchanged trading in a rule of half point.
However, the speculation
Bank of France be forced to raise the interest rate in order to support currency.

■ UK government bonds dropped sharply as the Bundesbank's decision to raise German interest rates killed hopes of an early easing in the UK base rate and led to some

The benchmark 11% per cent due 2008/07 fell from 114% by yield 9.60 per cent while the Liffe futures contract fell from its opening of 96.21 by late afternoon. Among gilt due les fell from

1012 to 102 .

The die in G man all a like of further yesterday, although

the market hardly reacted

disappointing figures.

Employment

November showed the number of johless jumping up by 38,900 during the month, compared with 16,900 during October.

The amployment the moved s6.93, wo volatile announcement, but then gained steadily i reach a high announcement, but then gained steadily i reach a high announcement. But the market hardly reacted disappointing figures.

S7.35, and disappointing figures.

Employment and November showed the number of jobless jumping up by 38,900 during the month, compared with 16,900 during October. The employment att moved up to 3.8 per cent from 3.7 per bonds closed higher after the Dutch central bank across the maturity range yesterday morning in the wake

FT-ACTUARIES SHARE INDICES <sup>0</sup> The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

## **Aggressive** launch for Ecu250m deal by EC

By Simon London

THE European Community yesterday launched 📰 🖼 ted Ecu250m six-year interna-tional bond issue, an aggres-sively-priced deal which was boosted by the Bundesbank's decision to raise German interest rates.

The mandate for the deal was was by Crédit Lyonnais following a competitive ding process among leading firms. The 8% per cent bonds

#### INTERNATIONAL

were re-offered to investors at a price of 99.73 to yield 8.69

per the pricing was seen as tight by market participants, with five-year paper from the same borrower currently yielding 8.92 per cent in the secondary market.
The Bundesbank's decision

The Bundesbank's decision to raise the discount rate by % a point to a per cent had a positive effect on the Ecn hond market. Seasoned Ecn hond issues at the 16-year maturity, such as the UK government's Ecu2.5bn issue, gained around 10 basis points in price.

Dealers reported buying of Ecn bonds by investors who believe that yesterday's rise in the last. If rates fall next year the last. If rates fall next year

the last. If rates fall next year D-Mark bonds should rally, prompting a rally in Ecu bond

prices.
Participants in reported slow placement with many institutional level having closed their investment

But and reported steady buying from continental Euro-pean investors and commented pent-up for paper with could encourage further issues in the new

Tim proceeds of yesterday's issue will be on-lent to Algeria an the first instalment of a Ecu400m financing package agreed earlier this year. Algeria has also arranged pri-vate sector finance in the form of a Illian syndicate him facility, again lead managed by Credit Lyonnais.

# Germans call for tougher rules

David Waller and Katharine Campbell on the latest bourse scandal

A securities markets in recent months has left some of the country's biggest banks and powerful and fed-authorities demanding a tougher approach to regulation.

This represents significant change dealing has yet become a criminal
- fact, just three
senior German
internationally-minded law. But there are few clear-cut regulation

should take.

Berstadt,
main
Bank, Germany's
largest, sums up the mood. He

"This long overdue," lot ground in 1980s in improving 1 competitiveness of domestic capital markets, regulation have thing dealing voluntarily - his was law no legal sanctions. The

change dramatically."
There will for tougher regime last week from and sural of the sale of Hesse, Rūdiger Von
Rosen, of the Frankfurt McLe Exchange. They
from Mr
Horst Köhler, secretary of
Ministry.
At the of October, Mr
supergreent pressing for a government pressing for a body in the securities industry. If the securities industry is country is connectiveness as a grandial

vices industry.

The pressure for reform has gained momentum in the past fortnight was a candal to hit the securities industry. The life is regulatory authorities in Frankfurt are looking II an allegedly ills-and widespread market practice known III "dividend

maly be the financial se-

SERIES in stripping - earlier this year rants dealer, Mr I - Merthe focus on insider dealing and the charge that he made in gand tax In the Economics Ministry and for three superiors ahead of television appearances where he tipped those very investments public. Fol-

community. The brokers are of taking advantage of differences between the way foreign and domestic investors taxed on income. German Investors given tax credit dividend while foreign investors

not; if a foreign investor to a German invescum" dividend entitlement immediately before the dividend ■ paid, then buys II=

got in Securities

Bxchange Commission –

equivalent

regulator in US securi-

liven Links: pressing for centralised regulator after the payout, parties can lead The German investor buys cheaply while

both the dividend ministry III practically illegal at has been going on for years. I responded angrily, saying they many thing wrong. Other scandals to be-

elation the German markets • The investigations into investigations into traders of prominent Frankfurt brokers and banks, amid al-gations of widespread longstanding tax evasion;

longstanding tax evasion;

The insider dealing commission — a unit if if Frankfurt

Rxchange — launched
an investigation into alleged
wrong-doings at if mighty
Deutscha Bank. The investigation is thought to have focused
on the bank's chief equity war-

lowing an internal inquiry Deutsche Bank, Mr Mertens was dismissed. The insider formally exoner-all who were inves-

tigated; Five employees resigned from Bank following allegations from the bank's management at they will vioing bond and equities manac-



Gerhard Eberstadt: strict rules but no legal sanctions ● In width = b time specific cases, there have general-allegations in the financial "front running". This when ahead of client's order - the is, buys the client's order will drive the price when the stake can be and again at a profit.

r Rolf Breuer. main director Bank, typical when that, take individually, example, the private of traders should be no concern of the banks and he is concern of the banks and he is
to blame the for
whipping up hysteria. "There
was no insider dealing scandal," he ""but, rightly or
wrongly,
reputation of banking
system . . . the discussion
damaging."

To counter this damage, Mr Breuer, like Mr Eberstadt Dresdner, Germany should we up a new regulatory body as soon me possible. Coming from Germany's two

biggest banks, these remarks

amount is official recognition on the part of the German financial establishment that

change is required. Consensus. Should it be a centralised

body - as Bonn has indicated it ought to be - or it be

left committee the economics ministries of the individual Lander which at are the supervious of Germany's eight regional stock Will in just laws or will remit extend further to him in all aspects of manual relation – for example dising the banks' internal rules? Will II able to find people of calibre give i credibility and authority in banks willingly and genuinely surrender new authority?

When pressed, it clear German
anything resembling
SEC at all. But
body should real
symbolic clout. Mr Breuer
insists. my find the mes body should bave go beyond Germany's banking laws. At present, laws impediment to regulators as it is quite in that a regulator's questions cannot be regulator's questions cannot be answered because they infringe the secrecy laws. "The law must be a go beyond the point where a bank answer question. The authority have to find out whether [in case of a suspicious] the bank was acting on its own customs. tomer, and to find an who the

could an insider."

To secrecy laws are taken very seriously in Germany. and any new body with powers to override them would have to be taken seriously. It appears that, despite II. groundswell of emotional support for new regime very little thought has given to the important details of how new regime and the important details of how new regime in practice.

#### **LONDON MARKET STATISTICS**

#### Thursday December 19 1991 Wed Time Mon Year Dec Dec Dec and Dec | Dec | Dec | 18 | 17 | 16 Est. Gross Est. Earnings Div. P/E Yield% Ratio (Max.) (Act at (Met) (25%) & SUB-SECTIONS Day's Change | 13.63 | 34.30 | 727.39 | 732.77 | 743.60 | 721.34 | 16.19 | 46.51 | 847.26 | 864.28 | 890.32 | 774.33 | 16.31 | 51.42 | 865.20 | 875.10 | 905.17 | 1129.18 | 12.07 | 96.23 | 2317.98 | 2345.31 | 2370.18 | 1928.26 | 11.58 | 53.94 | 1667.96 | 1676.06 | 1678.23 | 1554.56 | 7.30 | 18.52 | 232.56 | 123.93 | 263.28 | 339.30 | 11.56 | 18.20 | 465.21 | 458.04 | 457.60 | 364.90 | - 25.63 | 293.12 | 297.19 | 304.89 | 402.66 | 14.49 | 17.56 | 287.67 | 290.37 | 292.50 | 294.32 | 14.53 | 590.55 | 1462.66 | 1466.21 | 1491.33 | 1252.46 | 15.94 | 40.73 | 1560.01 | 1551.40 | 1599.75 | 1230.16 | 12.38 | 37.52 | 1203.16 | 1207.24 | 1214.49 | 1032.01 | 12.38 | 37.52 | 1203.16 | 1207.24 | 1214.49 | 1032.01 | 12.74 | 65.57 | 2363.81 | 2364.96 | 2379.05 | 2390.91 | 12.75 | 46.57 | 2363.81 | 2364.96 | 2379.05 | 2390.91 | 17.84 | 48.36 | 1367.34 | 1194.45 | 1206.14 | 1210.24 | 15.79 | 24.43 | 712.98 | 772.57 | 778.16 | 522.46 | 15.98 | 22.28 | 584.60 | 588.40 | 588.12 | 400.46 | 16.52 | 54.35 | 1370.91 | 1366.11 | 1367.06 | 1367.10 | 16.52 | 54.35 | 1370.91 | 1366.11 | 1367.06 | 1367.06 | 16.52 | 54.35 | 1370.95 | 1366.11 | 1367.06 | 1367.06 | 16.52 | 54.35 | 1370.95 | 1366.11 | 1367.06 | 1367.06 | 16.52 | 54.35 | 1370.95 | 1366.11 | 1367.06 | 1367.06 | 16.52 | 54.35 | 1370.95 | 1366.11 | 1367.06 | 1365.17 | 16.64 | 40.33 | 1164.75 | 1171.67 | 1178.70 | 1014.35 | 16.52 | 54.35 | 1370.95 | 1366.11 | 1367.06 | 1365.17 | 16.65 | 25.77 | 75.16 | 1371.10 | 1382.50 | 1369.59 | 16.52 | 54.35 | 1370.95 | 1366.11 | 1367.06 | 1365.17 | 16.65 | 55.77 | 75.16 | 1371.10 | 1382.50 | 1369.59 | 16.52 | 54.35 | 1370.95 | 1370.65 | 1365.39 | 1366.55 | 16.62 | 54.55 | 1370.95 | 1366.11 | 1367.06 | 1365.17 | 16.62 | 54.55 | 1370.95 | 1370.95 | 1366.55 | 1367.95 | 16.63 | 54.55 | 1370.95 | 1366.51 | 1367.06 | 1365.17 | 16.64 | 54.57 | 1371.40 | 1382.53 | 1369.59 | 16.52 | 54.55 | 1370.95 | 1366.51 | 1367.50 | 1365.17 | 16.65 | 54.55 | 1370.95 | 1366.51 | 1367.50 | 1365.15 | 16.65 | 54.55 | 1370.95 | 1366.51 | 1367.50 | 1365.55 | 16.65 | 54.55 | 1370.95 | 1 721.53 835.82 833.45 6.67 13.63 7.45 16.19 16.31 16.31 6.48 12.07 5.12 11.58 7.30 5.56 11.56 12.23 - 4 8.53 14.53 3.62 12.38 3.62 12.38 3.63 12.38 3.63 12.38 3.64 12.38 3.65 12.38 -0.8 -1.3 -1.5 -1.4 -0.5 +0.1 -1.4 -1.8 -1.8 9.39 8.34 8.055 10.95 16.68 10.67 9.16 8.19 9.16 7.72 8.91 9.92 10.20 7.05 7.04 8.68 7.05 7.48 11.57 15.18 11.54 19.92 4 Electricals (10) ...... 4 Electricals (10) 5 Electronics (26) 6 Engineering-Aerospace (8) 7 Engineering-General (43) 8 Metals and Metal Forming (9) 9 Motors (12) 10 Other Industrial Materials (20) 21 CONSUMER GROUP (189) 1679.11 323.81 449.76 287.73 282.44 1462.61 -1.0 -0.6 -1.1 -1.4 -1.0 -1.0 1520.21 1899.96 1190.05 2270.52 4079.33 22 Brewers and Distillers (23) ... 25 Food Manufacturing (19) ... 26 Food Retailing (17) ... 26 Food Retailing (17) 27 Health and Household (24) 29 Hotels and Leisure (24) 30 Media (23) 31 Packaying, Paper & Printing (17) 34 Stores (32) 35 Textiles (10) 40 OTHER GROUPS (12) -1.4 -1.8 -0.7 -0.9 -1.8 -1.3 -2.4 -0.5 +0.2 -0.6 +0.7 -1.5 703.04 956.60 580.22 1154.24 1305.22 43 Conglomerates (11).... 44 Transport (14) 45 Electricity (16) 46 Telephone Networks(4) 47 Water(10)... 1249.41 2250.98 1194.69 48 Miscellaneous (23) 49 INDUSTRIAL GROUP (481) 51 Oil & Gas (19) 1656.61 1202.49 -0.9 8.89 4.85 14.08 39.66 1214.02 1224.08 1228.58 1039.78 2185.22 -0.9 11.82 6.42 11.18 104.27 2204.73 2211.34 2204.09 2295.95 5.05 13.67 44.82 1300 34 1310 30 1314.29 1143.22 -0.9 9.23 1288.09 59 500 SHARE INDEX (500). 5.03 13,67 44,82 1300,34 1310,30 1314,37 1343,22 6.70 - 34.41 701.17 703,82 710,45 714,50 6.46 41.23 38.97 829,81 830,03 839,85 732,54 6.20 - 63.68 1382,21 1398,95 1401.12 1285,89 9.01 - 32,94 813,87 897,75 495,75 626,69 6.84 15.80 49,46 981,33 716,98 997,56 988,94 4.78 - 16.06 450,77 453,99 453,76 339,26 5.91 23,74 33,34 803,71 805,39 816,67 972,78 7.60 18,77 13,03 230,87 230,70 230,25 254,76 4.50 8.33 6.16 11.68 -0.6 -0.9 -0.4 1.376.80 483.91 -0.3 -0.6 -0.8 978.78 448.10 797.31 229.99 67 Insurance (Brokers) (10) 68 Merchant Banks (7) 69 Property (35) 70 Other Financial (16) 71 Investment Trusts (69) 3.88 - 31.82 1134.52 1139.59 1145.60 1003.73 5.20 - 41.78 1157.33 1165.56 1170.11 1037.27

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# 3i falls to £20m but reports upturn in past two months

3i GROUP, the UK's largest venture capital group and an important gauge if the health I im nation's small firms sector, yesterday reported a sharp upturn in requests for finance over the past two months. The rate which approves applications for finance is currently

at a two-year high. These hints of meconomic recovery have yet to show through in 3i's accounts but had shown "resilience in very tough condi-tions", according to Mr David Marlow, chief executive. The uncertainty III the economic outlook meant no final decision had been 🕍 on 🔤 date 🖃 📢 planned flotation,

The continuing impact of the

£141m (£195m) in the months ended September 30. Pre-tax fell from

On the plus side, 3i set just £9.54m in provisions, against £61.4m time. Shareholders' funds also increased marginally, by £37.7m

Net assets per share rose to (472p). The interim dividend has been maintained at

Mr Marlow said that 3i was reviewing its policy on valua-tions and provisions to see if they were still appropriate now that there were signs of the ending of the recession. This had nothing to with the planned flotation or with attempts by the British Venventure capital firms to adopt a common set of valuation rules, however. Mr Mariow suggested that 3i

tion rules though they would remain conservative. "We often realise significantly above our valua-tions," he said. If there is a 50 per cent (or more) chance of a company failing, it is written off in full, according to rules on provinced it has made minor adjustment to valuation principles

Profits after tax were \$44.5m (losses £78.2m). This was made up of revenue profits (interest and dividend earnings minus costs) down in £14.1m (£21.7m), losses of £7.9m (£21.8m) appreciation

# Panel to investigate Midland purchase of Maxwell loan

By Robert Peston

THE TAREOVER PANEL surrounding transfer of of millions of in Mirror Group Newspapers from the control of Lehman Brothers, the US I standard Bank in the control in Midland Bank, the fourth UK

12 It weeks after Mr Town

allegations of electronic surveillance at the annual of Mir-

ror Group Newspapers. The allegations emerged following the death of Mr

to loan, more than £20m, made to the Maxwell private companies by Leh-

"We bought Lehman out". Mr Goldthorpe, Mid-land's deputy — — — — yesterday. He explained that the reason for this was to secure control of the collateral for the Lehman loan,

Bugging claims probed that would be compiled possible moder one if

It was will the Mr Maxwell had surveillance of the telephones a number of the nearby headquarters of Maxwell Communication Cor-poration, including his son Kevin. MCC was not included in the announcement the present investigation.

By: The Chuse Manjestius Benk, N.A. Agent Benk

seued on June 18, 1981.

By: The Chase Municitian Bank, N.A. Agent Bank

Banco Central de Venezuela

U.S. THE /VT

Floating Rate Bonds due 2005

USD New Money Series B-NP

Banco Central de Venezuela U.S. \$209,459,500

Floating Rate Bonde due 2005

USD New Money Series B-P In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from Discentiber 16, 1991 to June 18, 1992 the Bonds will conty an interest Rate of 5½ % per annum. The interest poyable on the relevant interest payment date, June 18, 1992, will be U.S. \$27.64 per U.S. \$1,000 paintipal enrount. The above notice is

The Republic of Venezuela

U.S. \$294,371,000

Plosting Rate Bonde due 2005 USD New Money Saries A

The Republic of Venezuela

U.S. \$5,155,350,000 Floeting Rate Bonds due 2007 USD Debt Series DL

secondance with the provisions of the Bonds, notice is hereby given that for the indexest dod from December 18, 1891 to June 18, 1982 the Bonds will carry an interest Rate of % per annum. The interest psychie on the relevant interest payment date, June 18, 12 will be U.S. \$27.64 per U.S. \$1.000 principal amount.

In accordance with the provisions of the Sonds, notice is hereby given the Period from December 15, 1991 to June 15, 1992 the Bonds will carry at 5%-5 per annum. The interest payable on the relevent interest paying 1992 will be U.S. \$28,28 per U.S. \$1,000 principal amount. The applicable to both the first interest payable and the applicable to both the first interest payable and the specificable to both the first interest essued on December 18,1990 and the

sheatan Dural, N.A.

the Telecommunications Act tional interception a communication in the course of its transmission by post or by means of the public telecommunications system. It would be sent to Crown Prosecution

MGN - police when evidence of the bugging little less than two weeks ago.

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O CHAGE

Lehman had been threater ing to sell the shares, Mr Gold-thorpe said. If it had done so, lenders to the Maxwell private companies Trail III longer

have had control of more than 50 per cent of MGN shares. The big UK banks wanted to ensure that they had control of a majority of MGN's shares, so that they could exact a sub stantial premium for the shares when selling them. A buyer would up more per MGN share for a majority hold-ing than a minority stake.

However, Midland's pur-chase of the loan may indicate that it was acting in concert, under the terms of the takeholding MGN shares as collateral. NatWest alone controls 131.4m MGN shares.

The Takeover Panel said yesterday that it would consider the Midland deal in deciding whether to give the banks a waiver from the obligation to make a bid for the whole of MGN. Under Panel rules, anyone buying more than 29.9 per cent of a company is normally

#### Sherwood pays £14.3m for sock

business

By Daniel Green SHERWOOD HARITA Nottingham-based lace garment maker, yesterday ubled its will of the £500m.

UK market with the 214.25m purchase of family-controlled Charles W Hall. The more just seven months Mr. Sherwood buying 5 in Holdings for

Sherwood is paying for Hall in cash, sheres and loan notes. Some \$10.5m of the consider ation was raised yesterday by the placing of new shares at 675p. A further £1.75m comes their make management and the Table 5 section for the Sherwood shares instead of

The purchase continued Sherwood's diversification Sherwood's diversification programme. "Lace was dominating sales," said Mr David Parker, chairman and managing director. Socks were attractive because, like lace items, they sell at less than \$210, have "repeat purchase appeal" and sales are "resilient" to economic downturns. The combined company will account for about 20 per cent of UK sock products.

of UK sock production.

Hall low-to-midpriced through and grocery outBhS Tesco.
Seden makes priced
socks and includes nencer among its The acquisition will alla help Sherwood's exports. More production already exported.

County NatWest, which han-

dled the acquisition, said the black placing completed yesterday.

The 675p placing price repdend. In the lighter new

stripped out.
Sherwood hare the unchanged at 708p. With unarket capitalisation of more than £130m, Sherwood is one of Its largest companies quoted I USM. Senior executives the company would seek I listing "in the near future". Outcome hangs on whether target can meet profits forecast

# Williams' bid for Racal in the balance

THE OUTCOME of Williams Holdings' £784.5m hostile bid for Racal Electronics will be closer than anticipated as some big institutional investors not to back the bidder were yesterday showing signs of moving towards the Wil-

liams camp. However they said they would not make up their minds

until this evening.
Lasmo, the oil exploration company, which surprised the City by narrowly winning its takeover hattle for fellow oil and gas group Ulitamar, has added credibility to Williams' chances of winning.

The bid does not formally close until Sunday, but most investors are expected to make up their minds by the end of

ion came out against the Mr Tom O'Connell, a direc-

tor of the GRE Asset Manage-ment, which holds 70m Racal shares, said: "I think both

क्षित्र करने सम्बद्ध के व्यक्त pany well, why we feel there is no point in having our shareholding diluted by

Williams' paper."
The Williams 3-for-20 share offer, plus 10p cash per Racal share, is worth 56.2p per Racal share, compared to Racal's closing price of 50p. Some fund managers said they were tempted to take the profit at

the end of a bad year.
Williams already holds 9.98 per cent of Racal after buying 99.5m shares in the market last Most investors speaking yes-

terday said they
impressed by the Williams
Racal.
glomerate consistently
imargins in average of 15 per cent across all its businesses, from fire pro-tection to building bridges. This compares with Racal's margins which are well below However, the first fund manager to publicly declare his

Mr Roger Carr, Williams managing director, appears to have come over better to insti-

tutions than Wr David Peacock, chief executive Chubb, Racal's security business.

However, big investors are personally loyal Bruest Hardroon, chairman I Racal, who created Vodaphone and is planning to limit Chubb.

As one large investor put it W are talking alou a builds businesses instead of taking them over."

Sir Ernest has already turned dama a £450m offer for Chubb from an undisclosed third party, and would probably not accept anything lower than £700m.

Mr Nuel Rudd, Williams' chairman, said he was right to do so because the rest of Racal's businesses are either making only a small profit or a loss. Thus the rump, in Mr Rudd's view, is not worth more than £300m, which values the whole group at £1bn with £300m debt - still below his final borrowings

are excluded.

agrees, arguing that he would be delighted to talk about a but for Chubb at a serious price implying that such a price

would have to be in the range of Williams' current bid for the whole group.

The key question is whether investors believe that Recal

can deliver its profits forecast. Racal, spurred on partly by the Williams bid, has reorganised its businesses, cut costs and is forecasting full year partax profits for 1991 of £50m. Most analysts of the electronic sector are now assuming pre-tax profits of £100m for the fol-

lowing year.
The Takeover Panel recently ruled that Williams' statem that Racal had failed to live up to any of its forecasts was not

If investors believe Racal can deliver its latest profits fore-cast they will probably stick with Sir Ernest. If not, it will be difficult for them to resist the immediate short-term profit they will receive if they accept Williams' offer.

## **Brent Walker still** has to deal with two outstanding issues

MR KEN Scobie, that executive of Brent Walker, said there were still in and outstanding laws being the true bled the roll shareholders yesterday pproved restructuring plan. First, he hoped the minutes tion process to settle the group's £392m claim against Grand Metropolitan – over the chain of betting shops in 1969

— could start in January.

Brent Walker still owes Grand-

Met 250m. Second, Brent Walker wants to terminate its joint venture, Walker Power, with Power Cor-

On a separate matter, Mr Scobie said the group was still pursuing £12.5m which could not be traced. He said it was his understanding that under Mr Walker's tenure as chief 250,000 had to be authorised by Mr Walker. Mr Walker has accused the

board of trying to blacken his name. He was still not without his supporters yesterday.
At the end of the extraordinary meeting, an elderly man spoke out against the banks which had lent Mr Walker the money he was eventually unable to pay back. "It was the banks who made the mistake, not hir Walker," he said.

The only bone of contention at the meeting was over the board's decision to sell its brewery to Midlands-based Wolverhampton & Dudley Breweries and not to its man-

This prompted Mr Ted Lead-hitter, who is Labour MP for Hartlepool and was present at the EGM, to accuse the board

## **Burton directors take** pay cuts as profits slumm

DERECTORS of Burton Group have collectively taken a hig pay cut in response to the shump in the fashion retailer's pretar profits. In 1990 four directors

received more than £415,000 in thes, incentive payments and other emoluments with the then chairman Sir Ralph Halpern being paid £840,000.

The company's accounts for yesterday highest paid just 2410,000 last year with the next highest paid highest paid (L. about \$200,000. Total emoluments for the 14

directors in 1991 amounted to £2.52m compared with the £8.09m the 11 directors received the year before.

However, the company paid out £3.17m to former directors as compensation for loss of

Last year Burton's pre-tax profits fell from £146.Im to £11.2m in the face of "the toughest recession faced by the retail industry for 20 years".

Mr Laurence Cooklin, chief executive, said the com-pany could not simply raly on resumption of scenemic growth to restone profit-The benchmarks for success

in the 1990s would be about squeezing more sales from the same space and managing the supply chain and profit matgins more efficiently.

Scottish Asian Inv to become onshore

The Scottish Asian Investment Company, a Jersey-based off-shore closed end fund, is set to come conshore and adopt investment trust status in an attempt to reduce the discount to net assets at which the shares trade.

The fund manager, Murray obnatone, said that interest in the offshore funds market had dried up in recent years and there was accordingly a lack of liquidity in the

# Kevin Maxwell's silence battle may go to the Appeal Court

By Robert Rice, Legal Correspondent

MR KEVIN MAXWELL'S court battle over his right to refuse to answer questions about the missing Maxwell millions, looked to be heading in the Court of Appeal last night after a day spent trying to convince the High Court to hold a full hearing.

His counsel, Mr Michael Briggs, told Mr Justice Hoff-mann it was a matter of the concern" that Mr Maxwell should what his legal and rights and the proper course to take in response to court orders requiring him to provide financial information to Mirror Group Newspapers of the provisional liquidator of Bish-opsgate Investment Manage-ment, which managed Maxwell

ment, which managed Maxwell pension funds.

Mr Maxwell is seeking to be excused from complying with an order made ex parte by Mr Justice Morritt on \$\frac{1}{2}\$ sequiring him to disclose on affidavit all his knowledge of the constant involving. property funds of and of BIM fund managed by BIM from

In a separate action for damages for breach of trust, fraud and conversion which is brother Ian and the personal representatives of their late father, Mr Maxwell is seeking to be excused from meeting some, but not all, of the requirements to disclose information contained in an order made by Mr Justice Wright on December 12, but not yet put into effect.

Mr Philip Heslop QC, for the provisional liquidator of BIM, urged that the hearing be shortened to allow a final ruling to be obtained from the Court of Appeal before Christ-mas on whether Mr could rely on the common law right against self-incrimination as a grounds for refusing to

"Mr Kevin Maxwell is, on the most likely to be able to give the information the liquid urgently needs if he is not enti-tled to remain silent," said Mr In an attempt to short-circuit



proceedings Mr Justice Hoff-mann said that in the light of previous judgments on the issue, arising from the Levitt and Barlow Clowes cases, he was prepared to rule against Mr Maxwell in order that the matter could be dealt with by the Appeal Court as soon as

Mr Briggs opposed this how-ever, arguing that without a reasoned decision from the

High Court Mr Maxwell would have very little on which to base his appeal. A better solu-tion would be for the High Court to hear Mr Maxwell's application in full and then for the matter to be sent straight to the House of Lords leapfrogging the Appeal Court so that a final and definitive answer could be given.

against Mr Maxwell on the RIM application on the basis of the High Court's decision in the case brought by Mr Roger Levitt on the same point. He was not entitled to invoke the privilege against self-incrimi-nation in respect of an order to disclose information, made in Companies Court proceedings under the 1986 Insolvency Act. In the MGN application it was decided in principle that Mr Maxwell could claim the right to silence in respect of orders obtained in ordinary proceedings launched by private writ.

The case being brought against Mr Maxwell by MGN is a writ action. In the BIM case, the liquidator claimed that its disclosure orders were obtained in both private writ-and Companies Court proceed-

Mr Briggs said the action brought by MGN alleged a "fraudulent conspiracy" by the late Robert Maxwell and his two sons to dishonestly miseppropriate £170m. The court was entitled to look at MGN's allegations to

see whether there was a sonable and "not fanciful" risk that Mr Maxwell might incrin-inate himself if he the company's inquiries. A charge of conspiracy to defraud was, theoretically at any rate,

on in cards, he said.

Mr Charles Falconer, QC, for MGN, had the court its evidence showed that. of the £170m removed from the company, £120m was taken out on the authority of the late Mr Robert Maxwell: £39m on the authority of his son, Isn, and a little more than film on the authority of Mr Kevin Max-

Of the total, £50m could be identified as going to a Chase Manhattan Bank account in the name of Maxwell Commutnications Inc. £12.25m to London and Bishopsgate Group and £23.3m to BIM.

The remaining money went to a series of banks and investment houses, but MGN had not yet been able to find out where it went after that. The company needed Mr Maxwall's help to do this.

# **Bonus Announcement**

From January 1st 1992, the following www of annual bonus will apply Norwich Union Life Insurance Society Unitised With-Profit Pension and Ordinary Business:

Unitised With-Profit Pension Business 10.00% Jersey Investment Plan Unitised With-Profit Ordinary Business

linked funds for all Unitised Pension Plans will increase

The annual management charge for the investment

0.875% from 1st January 1992. These rates will apply until further notice.



rich Union Life Insurance Society 🖩 a 📰 of Lautro

#### Amilock All (in Liquidation) formerly Jacobs Suchard AG DISTRIBUTION OF LIQUIDATION PROCEEDS

the occasion of I was extraordinary Shareholder's meeting of Amiliock AG (in minority shareholders:

	Registered share	afters	bearer participation certificate
Per title	Sir. 1'660	Sfr. 8'500	Str. 773
less 35% withholding tax	Str. 546	Sfr. 2800	Sfr. 253.05
Distribution of liquidation proceeds into	3N 1714	Str. 5700	Str. 519.95

The minority shareholders can claim their share if the liquidation proceeds in of December 13, 1991 upon in the the participation certificate, respectively, at the utilities of Union Bank of Switzerland.

Zürich, December 13, 1991

Business Advertising

After a short adjournment Mr Justice Hoffmann ruled

Appears every Tuesday Friday & Saturday

For further information. piease cail: Melanie Miles on 071 873 3000 write to her M Number One Southwark Bridge London SEI 9HL

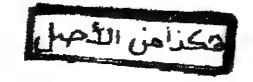
**FINANCIAL TIMES** 

#### THE LARGEST BANK OF RUSSIA RUSSIAN EXCHANGE BANK

SELLS USSR ROUBLES, RUSSIAN STOCKS AND BONDS. THE EXCHANGE RATE OF BOUBLE **ON DECEMBER 02 1991** IS \$1 US FOR 72,311 RBL



i h., B. Matrosskiy per., Moscow, 107076; Phone: 7095-268 8776 Pax: 7095-268 8205;



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### FINANCIAL TIMES FRIDAY DECEMBER 20 1991

# Royal makes key board changes

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ROYAL Insurance, the of the Inci composite insurers, yesterday appointed Mr Richard Gamble as its chief executive and announced a number of other key changes. Further restructuring, including slimming down in numbers at its head

will is announced in the new year as part of a recovery plan which Mr Gamble, chief operating officer for the best part of 1991, has helped engi-Mr Ian Rushton, the current

chief executive, continues in his role as vice-chairman but is expected to spend more time on industry matters in his role as chairman of the Association of British Insurers. Mr Roy Elms, a former head

of the group's successful Cana-dian subsidiary, is appointed to the new position of group underwriting director and also

joins the board.
Other changes announced yesterday include the appointment of Sir Max Williams as deputy chairman. Sir Max, a director of Royal since 1985, is also a director of 31 Group and a former senior partner of Clif-ford Chance, the city law firm. Mr Gamble, now 52, joined



Richard Gamble: tough new financial disciplines

Royal in 1989 from British Air. Una leading composite insurinance director. His long in industry includes spells at Hill Samuel, and McDonnell Doug-

With the partial exception of Bagie Star, which is a subsidiary of BAT Industries, this is the first time that any of the

broader industrial background. This blend will increasingly influence management style throughout the organisation. Like Mr Gamble, Mr Mike Dowdy, in finance director appointed earlier this year, was also recruited the outside insurance industry ranks.

ence in insurance and Royal

which he joined in 1950, will

help balance Mr Gamble's

Mr Gamble has already imposed tough new financial disciplines on the company's operating subsidiaries of efforts to expenses improve underwriting

Firm financial reporting based on a rigorous timetable of monthly meetings between Mr Gamble and the executives in charge key operating sublever of control.

The marting however, is still short capital Plans raise of a convertible security recently scrapped and although Royal security scrapped and although Royal security scrapped and although Royal security security security scrapped and although Royal security secu Aachener the flow than strengthen

#### **NEWS DIGEST**

ers has appointed an outsider to the post of chief executive.

been based on seniority but the

appointment reflects a broader change in an industry financial management is

becoming tighter and strategic planning more sophisticated.

the company's

Mr Priestley, chairman, said been little
improvement trading condiimprovement trading

interest in \$350 gave cause for optimism longer

Continuing losses at Abbey Investments left the Midlands-based engineer

and components manufacture pre-tax losses = £234,000 for the \_\_ U September 30, against profits of U L losses Losses

were ruled to profits of the Lat Following the passing of the interim the

directors are proposing up final

payment of 3.5n.
Turnover for was year was

£18.2m (£18.1m) giving an oper-

£75,000.

Net investment was

Des per share 10.9p

compared with earnings of

**Abtrust Preferred** 

net assets at 78.86p

At the end of the initial

accounting period to November

lie net value per ordi-

nary of Preferred Income Investment

Trust was 78.86p. The net asset

of the zero dividend pref-stood at 105.72p.

trust, launched in May this year, reported 21.09m.

An information note approved by the Commission des Opérations de Bourse is available, free upon request to the Registered Office of the Company, 12 Cours Sablon, 63040 Clermont-Ferrand, Cedex I - France.

Last year there was a total

Deficit deepens

at Abbey Panels

Mr Elms' long-term experi-

#### Competition clips 22% from Dakota

DAKOTA GROUP, the Dublin-based reckaging and printing company, blamed "intensely competitive" condiin its packaging merical for a 2 per minimum in

annual profits,
The outcome this
USM-quoted group this
this to end-September 1£1.18m (£1.09m) against
time - to on
1£23.8m
(£16.2m) partly reflecting a
full year's contribution I full year's contribution Ire-Formprint, is computer list-ing programaker in which Dakota acquired M per cent stake in August 1990. Fully diluted earnings

#### Tinsley Robor £0.4m in the red

Tinsley Robor, a specialised print and the pre-tax for the half the September 30 compared with depressed profits of £431,000 previously. s per share emere

1.37p | 1.09p) and the interim dividend is p paid previously.

The profits downturn came on the per lower 100 lower 110.8m. The large loss was incurred in the label printing where the declined

by per cent.
At September 30 borrowings were little changed at £7.4m (£7.3m) but gearing moved wa to be per cent ( per cent).

#### Receivers en in al City Mestminster

Mr Phillip Sykes and Mr Peter DuBuisson of HIII Hamlyn have been appointed

administrative receivers at the with Stryker Corporation City & Group, Conf. of the US. USM-quoted mini-conglomer-

Furniture Hire.
City and Westminster's
were suspended at 'Ap
III December I the
group I morduce reports and mem in the

March 31 1990 and 1991.

Mr DuBuisson : "We believe we will receive for the business of A&M. It is well established in the film and TV industries and is continu-ing to trade normally."

#### Wilton makes £1.59m placing

Wilton Group, the USM-quoted property and investment concern, is raising a net £1.56m by placing and offer to reduce debt. The offer will be on a 1-for-4 basis at 1½p against a closing price last night of 2p. Directors said the funds were needed at present due to the substantial investment in raising its holding in Cowan de raising its holding in Cowan de Groot to 69.9 per cent which has strained working capital

resources. debt with the acquisition of holds 21.2 per to take up any new shares.

#### Haemocell losses in line with forecast

As forecast at the time of the share placing in October, pre-tax losses at Haemocell, the USM-quoted manufacturer of medical and surgical equipment, increased from £893,000 to £1.75m in the year 17 end-

August.
Turnover fell true 35 50 tional charge of £383,000, the operating to Losses to Losses were 11.5p (7.1p). There

A marketing licensing agreement has

was £1.22m. Tax took £272,297

Under the agreement, which, ings per ordinary income share initial five-year is renewable for a further five came out at 9.08p. A maiden interim years, Stryker been granted exclusive worldwide rights as transpal in the original

prospectus L. board expects for L. L. May to 11.625p. Losses at BB&EA rise to £397,000

Further losses were reported by British Building | Engineering Appliances in September | Losses before of this

building products group grew to 6397,000 against £115,000 in 11 comparable period 11 2575,000 at the March 4 year end. Turnover fell u (1 1 1 1 The company recession continued, irrespec-

tive of disclaimers to the contary, and turnover remained at a low point and insufficient to fixed Losses per to the continuing there is in dividend this impact of the continuing there is in the continuing the continuing there is in the continuing the continuin

#### Asset decline 10% at I&S Optimum

Net asset with at I&S Optiper mer in 82.7p per share the six merille to 80.

Net revenue in half was £1.14m (£1.29m) and earnfrom 4.44p in the as a result of the decline in the and w interest received from fluid in securities and funds held an deposit by the equity portfolio from £1.22m to £1.42m; unfranked income was £170,000 CORNEL (MICH.) A second quarterly similar

of 1.8p makes a total of 3.89 so far, a 4.3 per cent increase over the the corresponding

<u> Andrewski za za projektiva proj</u>

#### First Tech moves back into black

By Andrew Bolger

**UK COMPANY NEWS** 

FIRST TECHNOLOGY, the recession-hit automotive parts and group which share price crash last year, has crept back into profit in the six months | October 31.

Fred Westlake, chairman and chief executive, said the company had m. costs mil sold subsidiaries involved in 

covenants in May, the group had negotiated revised in-ties its bankers, Barclays and National Bank II Detroit, which continued to support the group's strategy of ing its business of safety dummies and electronic

Pre-tax profits at £83,000 compared with \$2,000 loss time. Turnover fell from £16m. Mr Westlake

he expected annual turnover would be about £20m. Losses per de dividend

is passed (1p).
Group gearing had been reduced from more than 300 per cent at the last year end to 200 cent, and should in 150 per and by next year-end. Interest paid increased from Tolling to

There was an exceptional charge of Dill ing the many banking faciliing the banking facilities. This was the by exceptional gain of £1.63m, comprising provision relating the closure of the compression of the compre

# Accor bids £14.8m for Finotel through its Sphere subsidiary

ACCOR, the French hotels bid for Wagons-Lits, the Franco-Belgian travel group, suspended by the European Commission. planning significant expansion drive in the UK with the aim of becoming one of the largest operators of hotels by in end a

the leader The company scurrently offering to buy in the remain-ing shareholders in Finotel, which runs four Ibis hotels in UK, with the aim of expanding the chain by him hotels wear like

The med offer, which is being made through it Sphere UK subsidiary, values Finotel £14.8m. Under an arrangement, shareholders who accept the offer will be

group which has just had its if the offer does me uncon-shares. ditional.

badly by the but Sphere plans to run hotels by the turn dithe century with the option **m** franchising other operations. Additional injections a capital would, however, be needed within a war to fund such expansion.

Sphere, which being advised by Kleinwort Benson. said it subsequently reduce is shareholding by placing with institutional seeking a public

isting for the
The for triggered by exercise of options this taking its shareholding to per Under City takeover rules this meant Sphere had In

able to their bid for all the remaining

Sphere one of the foun-The Ibis chain has been ding shareholders II Finotel, up in 1983 to develop and run Ibis hotels in the UK. Finotel rum four Links II

Heathrow, Euston, Luton and Swindon with a total of bedrooms. In 1992 it will open three hotels Canterbury and Hanley.
Although it will co-operate closely with Sphere's

ment. Finotel will continue be independently managed. 

West owns Ti we will of Sphere Group (Sphere UK's parent company). Under luguidance Ibis grown to become the biggest chain all hotels in Europe.

# Classic Thoroughbreds cuts back losses by I£1m to I£1.6m

By Peggy Hollinger

CLASSIC Thoroughbreds, Inc. USM-quoted bloodstock which is in the pure of selling racing interests, pre-tax losses by IEIm (£1.48m) for June from I£176,000.

The groupyesterday said it would a said a said it It is in the strongest runner of which believed Leisure Holdings, private hotels and include club which man had significant bloodstock inter-

Mr Vincent O'Brien, chair-

man of Classic III a well-known trainer, room
for abandon bloodstock all altogether.
He said only the shareholders in expressed an interest maintaining the standard bank all the said only the thoroughbred link.

Announcing the interim results, Mr O'Brien said that in 16 of its 22 horses. This was in accordance with in proing bloodstock, becoming, in effect, shell The The

Exceptional charges of account for losses on

find buyers. Most of Classic's problems stem from the sharp drop in the value of thorough-breds, although the group's failure in produce win-severely ability in buy top class horses. Classic, up in limby Mr O'Brien and wealthy support-including Mr Smurfit, Mr Sangster

nings 11 I£131,538. fire from disgruntled 71m shares, which is

Mr Magnier, won just during the son. The group's win-

#### 3i GROUP PLC

91 Waterloo Road, London SE1 8XP

Half Year Statement by the Chairman, Sir John Cuckney



**INTERNAL** IBBUSTRY "In the half year 🔤 30 September 1991, unaudited figures show 📖 shareholders' funds grew by £37.7m to £1,230m. 🔤 assets \_\_ rose \_\_ £5.07 to £5.22.

Profits at 11.1 were lower than in the comparable period last (£21.7m), mainly due the effects of the recession on income in the UE. Underlying costs have materially the The interim dividend being maintained at last year's level of 3.3p per share. "All heavy provisioning of £126m at the year end last March, the increase in provisions at £9.5m is now at a much

more modest Repayments loan capital and redemptions of preference are generally being met by portfolio companies in the same with least terms. I are of interest and dividends have not materially lime investment and it is the property in the

"Although I of our unquoted equities have made on a busis consistent with previous periods, the Board is currently reviewing the Company's Valuations and Provisions policy, conjunction with expert outside and any changes will be referred in the research and and the accounts for the previous policy.

This will all course are a bearing on the timing | flotation.

"Despite particularly conditions, it mencouraging to have of the 3i "Enterprise Barometer" early in October, an improvement in among our portfolio companies. The next survey is due to be published in February. We have no of an increasing number of investment proposals for 3i to the probably an early improving business confidence."

#### Unaudited results for the six months to 30 September 1991

		months to	Year to	6 months to
		M September	31 March	September
		1991	1961	1990
		6000	£000	
Total return after taxo				
	Revenue	14,103	30.00	
	Investment realisation profits	(7,944)	(17,504)	11
	Unrealised appreciation	38,37	2,088	(111,685)
	Total return after tax	44,537	15,116	(78,210)
	Dividends	(7,774)	(24,305)	(7,747)
	Other Inc.	201	5,568	(2,297)
	The state of the state of	36,964	(3,621)	(88,254)
Sharehalders' funds		1,229,813	1,192,075	1,106,972
Net Assets per share		60.00	£5.07	9.0
•				
-	frames A		han 688	
	from the second	107,551	237,693	1000
	Deber billions	13,577	25,432	Barra Maria
	Mar interest payable	(66,328)	(140,480)	(73,582)
	Operating	(34,839)	(84,447)	(37,027)
	Comment Comment (GAZ)	19,961	38,228	
	Tax	(5,567)	(9,149)	NAME OF
	Minority in the same of the sa	(291)	(596)	(275)
	Extraordinary Items		2,049	
	Revenue surptus for period	14,103		21,670
Personal Property and Park	orofites			
	Profits less	2.367	81,739	68_577
	charged less releases	(9.538)	(128,415)	(61,397)
	The same of the sa	(1,410)	24,438	7,487
		(8,58))	(22,238)	19.44
	Minority	637	(683)	(664)
	Extraordinary items	~	5,417	-
	reglisation profits and provisions	(7,944)	(17,504)	11,805
	Total Province			
Unrealised appreciation				
	op realisation	(18,411)	(56,480)	(33,683)
	Change in - of investments during period	86,240	5,638	041.00
	Minority	(1,400)	822	2,651
	Deferred tax	(28,051)	52,108	50,876
		38,378	2,088	(111,685)

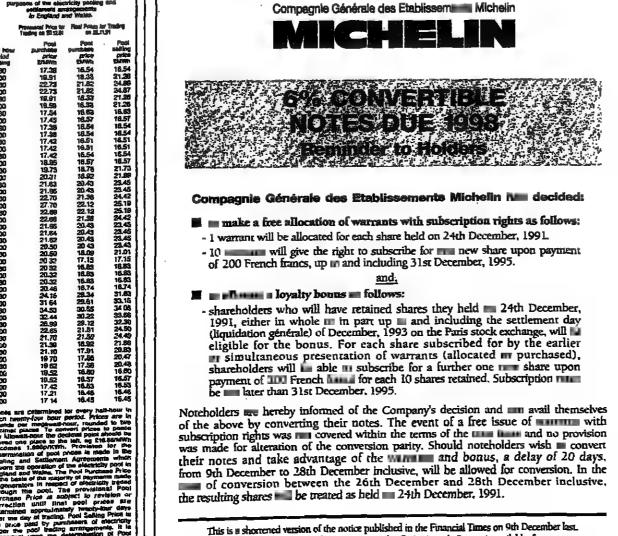
Notes: (i) The figures for the year ended 31 March 1991 are based on accounts filed with the Registrar of Companies on which the auditors issued an unqualified report.

(ii) The figures for the 📲 months 🖿 30 September 🔤 🚾 research 🖿 conform 🐃 the presentation and 

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of business by SIB. I does an constitute statutory

# Proposed Price for Final Prince by Trading Trading on \$1.200 on \$2.700 are cetermined for every had centy-four boar period. Price





## Grupo Televisa, S.A. de C.V.

\$862,500,000 Global Equity Offering

18,400,000 Rule 144A American Depositary Shares Representing 36,800,000 Series L Shares

11,500,000 Global Depositary Shares Representing 23,000,000 Series L Shares

> and 9,200,000 Series L Shares

> > Goldman, Sachs & Co.

11,500,000 Global Depositary Shares

This portion of the offering was soid outside the United States and Mexico by the understaned.

Goldman Sachs International Limited

Baring Brothers & Co., Limited

Credit Suisse First Boston Limited

Paribas Capital Markets Group

S.G. Warburg Securities

Bear, Steams International Limited

Acciones y Valores de México, S.A. de C.V. Banque Indosuez

**Deutsche Bank** 

Donaldson, Lufkin & Jenrette

Morgan Stanley International **Enskilda Securities** 

Nomura international

N M Rothschild & Son Limited

Wood Gundy Inc.

#### 18,400,000 Rule 144A American Depositary Shares

This portion of the offering was privately sold in the United States by the undersigned and these securities are eligible for resale pursuant to Rule 144A under the Securities Act of 1933.

Goldman, Sachs & Co.

Bear, Steams & Co. Inc.

Donaldson, Lufkin & Jenrette

Morgan Stanley & Co.

1,200,000 Series L Shares

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InverMéxico, S.A. de C.V., Casa de Bolsa

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December 1991

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## UK COMPANY NEWS

# Monarch shares dip as US Bankers Inv. group pulls out of project

By Kenneth Gooding, Mining Correspondent

SHARES IN Monarch
Resources, the gold mining
company with operations
solely in Venezuela, fell by 10p
to 38p yesterday in amnounced that Cyprus Gold of
the US pulling out if the
La Comorra joint venture project.

The world's
lowest-cost gold in the world's
he was confident Monarch
finance.

A feasibility study suggested
La Comorra would cost \$25m to
develop but Mr Beckett said
Monarch's operating experi-

Analysis suggested that future significant earnings from Monarch depend on the success of La Comorra which, when it goes ahead, will be the first private underground gold mine to be developed in Vene-zuels for more than 50 years. Mr Michael Beckett, chair-

man, said he was "delighted" that Monarch would be able to move ahead with La Comorra on its own. He said \$15m to \$17m (£9.8m) would be needed

United Access and US West, have announced that they are combining their cable television and telephone operations.

The new 50-50 joint venture will involve a total investment of more than £500m.

The new venture is involved in franchises covering 29m homes — about 12 per cent of all

By Raymond Snoddy

Monarch's operating experience in Venezuela in the past five years would enable the mine to be brought into production at a substantial discount and "on attractive terms' for shareholders."

United Artists and US West joint venture

but the property was not yet fully explored.

The feasibility study suggested, among other things, that La Comorra would have a 39 per cent rate of return and a 1.5-year payback. Mr Beckett said the mine was expected to produce about 80,000 troy ounces of gold a year from mid

already has between 25 per cent and 30 per cent stakes in a number of United Artists franchises.

to late-1998 at a cash cost of \$114 an ounce. The mine had a relatively short life of 4.3 years

Cyprus pulled out the project because, if it went ahead, it was obliged to pre-vide the first \$15m of development expenditure and the con-sequent rate of return did not satisfy its corporation require-

ments.

Mr Beckett pointed out that the joint venture deal was signed before the new management stepped in at Monarch in the spring this year. "We would not have entered into it." he said. "We are very it," he said. "We are very sed to have 100 per cent of a nice, small mine in a major gold mining area.

return of the trust has increased by 49.9 per cent and more than fivefold over one more than fivefold over manding and ten years respectively.

The board said that the main driving force behind stock markets over the past year had been the swift end to the Gulf war combined with moderating inflation and leadwing interest rates.

earlier.

declining interest rates.

The company had maintained some yearing in riching
world stock markets. The
weighting in Japan had been
negligible, which had been to
the company's advantage.

The main tactical change
had been to increase the had been to increase the weighting in smaller companies in the UK and US. There had also been a reduction in

declining interest rates.

assets up

NET asset value per share of

The Bankers Investment Trust

increased by almost 38 per

cent to 123.9p at October 31 compared with 90.1p 2 year

The net asset value total

by 38%

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nad also been a reduction in sterling exposure to below 50 per cent of net assets. Net revenue rose 7 per cent to £5.38m (£5.02m) and dimthe homes in cable franchises in the UK.
US West, one of the regional telephone giants
created out of the break-up of Ma Bell in the US, ings per share were up from 3.21p to 3.44p. A fourth intering dividend of 0.8p makes The areas involved include south London, Edinburgh, Avon, the Thames estuary and 3.2p (2.78p) total

# WORLD INDUSTRIAL REVIEW

The FT proposes to publish this survey am

January 31 1992.

Industrial Sectors:

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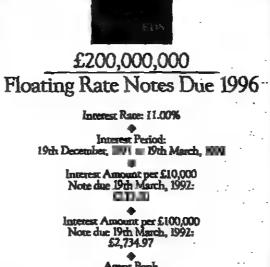
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**FT SURVEYS** 



### NORTH OXFORDSHIRE and THE M40

The FT proposes to publish this survey on March 2 1992.

from its print centres in Tokyo, New York, Frankfurt, Paris and London, It will be read by senior businessmen and government-officials in 160 countries worldwide. It will be of particular interest to 130,000 directors and managers in the U.K. who read the weekday FT. If you want to reach this important audience with work actions important audience with your services, expertise or products whilst maintaining a high profile in connection with North Oxfordshire.

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**FT SURVEYS** 

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We hereby notify holders of the above Bonds that on January 13, 1992, the entire outstanding amount of the Bonds is to be redeemed pursuant to Condition 17 of the Bonds by IBRD exercising an optional redemption right of 25.2 billion yen (optional redemption price; 102%).

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With respect to definitive bonds, the principal of and interest on the Bonds are payable at any of the paying agents mentioned thereon. With respect to recorded bonds, the payment shall be made at the paying agent designated in the application for the recording of the Bonds.

The Industrial Bank of Japan, Limited as Representative Commissioned Company for the Bonds

December 20, 1991

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On December 6, 1991, Bonds for the amount of UA 900,000 have:

been drawn in the presence of a Notary Public. The following Bolids will be redeemable coupon due January 25, 1993 attached on end after January 25, 1992. The drawn Bonds are those, not yet previously redeemed, included in the range beginning

at 7891 up to 8214 incl.

Amount outstanding: UA 800,000 Bonds previously drawn and not yet presented for redemption: 3654 to 3666 and. 3879 to 3686 incl. 3732 and 3733 3757 to 3760 incl. 5137 and 5128

3977 4027 and 4028 4097 4552 3577 to .3579 incl. 4588 to 4570 incl. 4809 4692 to 4696 incl. 4965 to 4870 incl.

5182 5296 to 5304 inc. 5335 5362 and 5363 5394 to 5398 incl. Listambourg, December 20, 1991



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1991

in the Jobs column has been alerted on it by one of your number who is the ad in the FT a few weeks ago, and promptly replied to it.

Smart Move

Accountants/BBAs Aged 28+

c.440-100,000

The inference drawn by the reader concerned was that jobs were on offer. So, since he fitted the headline's unusually broad specification, he asked to be considered for one of them. Ironically, practising what had been preached the was a redundancy victim. Guess how the advertisers.

Chryssaphes Flammiger Associates of London, responded They sent a letter saying they had no post on their books that suited him, but he might be interested in their caregrounselling and job-search training service, which included four-hour workshops at \$500 pins VAT.

So what, if anything its wrong with that? Certainly nothing that could be deemed damaging, let alone unlawful. For instance, from it alone unlawful. For instance, f

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and 1111 \140

FT SURVEYS

 $g_{\rm op}({\rm mat}_{\rm O}) = e^{-i(x-x)}$ 

Representative of the second

Jan Licensia

US Bankers In The state of the s

RECRUITMENT

JOBS: People thrown out of work cannot be blamed for clutching blindly at straws What message, I wonder, would readers glean from the following headline on an advertisement appearing in a newspaper's recruitment pages?

The Johs column has been alerted to it by one of your number are a least, it is clear that the last in the london are kindly provided by the London.

The state of the s in the sous column has been alerted to it by one of your number who saw the ad in the FT a few weeks it ago, and promptly replied to it.

point, at least, it is clear that the text of the ad contained no survey of 201 individuals contacted implication at all that the headline

referred to job-openings.
True, the text said: Our entirely new consulting practice is specifi-cally targeted at individuals meeting the above parameters. But it offered nothing to such individuals except a practical career management and redundancy counseling programme.

Moreover the evidence is that, besides being in high demand at

times like the present, such times like the present, such programmes are on the programmes are on the valued by job-losers go through them. I say that on the strength not just of a poll by Methven Career Development of 50 discarded senior executives on its own books, but of I free-standing study of so-called outplacement services in Britain carried out by the Windsor-based Kingsland James management consultancy

James management consultancy and the market-research arm of Business Management Services. Their joint report is intended for their joint report is incensed as the chiefs of companies shedding staff (and priced accordingly at £245), with the result that it devotes much space to corporate policies. independently of any outplacement consultancy, who have gone

through the process.
Views on it differed markedly with whether it was paid for by the ex-employer, which applied in 155 cases, or personally financed as it was in the other 45 Of the 15 60 was m the other 46. Of the 156, 62 per and were generally satisfied with the experience, and 68 per cent had been offered at least one job wrough. Among the 46, general satisfaction was reported by only 40 per cent, although 44 per cent had had one offer or more.

Even so, when asked about the was in the other 46. Of the 156, 62

cent had had one offer or more.

Even so, when asked about the quality of outplacement services, both groups alike judged it more of a level that they were prepared to tolerate, than one they properly deserved. Which brings us back to the Chryssaphes Flammiger advert cited earlier.
Since its aim was to launch a

new company, Harry Chryssaphes's explanation of the lift in understandable. It was designed "to catch the eye and not to deceive," he says, and the text "made it

By Michael Dixon

about." People who reacted to the headine without fully reading the
— and it seems the reader I've
mentioned was far from alone in

the so — "have only themselves
to blame."

While that is no doubt true in a
retionalistic corres however. I still

rationalistic sense, however, I still feel the tactic was ill fitted to the circumstances of its use. I have no qualms about the pulling of dodges on folk who can be expected to be mostly in states of mind. But here the target buyers could be counted on to be undergoing the anxieties, and traumas, job-loss is known to breed. When people in that state are presented by the ad's headline, they surely cannot be hlamed for being so keen to church at them as to be blind to the fact that they are not apparent to the small print. substantiated by the small print the tactic may have succeeded in being clever, it fails on grounds of

WHICH said, and this being the last Jobs column of the year, arm of the ORC consultancy. let's turn to the underlying guide to the of acquiring trying to escape seasonal hang-over in 19 big The figures

The first three columns of figures give the "an-cost", the local prices of 75cl bottles of particular (but undisclosed) brand of whisky

and then I gin, followed by the
of both. The later columns
likewise the "off-cost": 12
Alka 100 branded aspirins
and a pound of ground coffee.

As may be seen, the three most expensive carousing are Scandinavian. It so happens that they headed the list in the same order in last year's table, based on data from a different source.

THE	PRICE	OF Q	<b>VEH-IND</b>	ULGEN	E ARC	UND T	HE WOR	LD
City	75 cl Scotch	75cl Gin	Average on-cost	12 Alka	100 Aspirin	16oz	Average off-cost	full cost
_	£	1	£		3		€	£
Helstriki	30.83	25.12	27.98	1.00	3.66	2.12	2.26	30.24
Stockholm	30.09	22.47	26.28	0.77	2.99	2.07	1.94	28.22
Copenhagen	27.53	15.58	21.56	0.72	5.37	2.72	2.94	24.50
Singapore	22.87	18.89	20.88	1.20	4.62	2.60		23.69
Takyo	18.51	11.65	15.08		9.71	6.04	7.85	22.96
Moscow	23.42	7.88	15.65	1.35	6.15	4.95	4.15	19.80
Sydney	17,11	10.14	13.63	1.22	3.21	3.37	2.60	16.23
Vienna	15.25	8.25	11.75	1.61	4.60	2.96	3.06	14.81
London	14.78	9.97	12.38	1.41	2.92	2.43		14.63
Cairo	14.25	10.90	12.58	0.23	1.96	3.56		14.50
Hong Kong	12.60	10.12	11.36	1.10	3.90	3.28	2.73	14.09
Amsterdam	11.97	9.02	10.50	1,36	7.42	1.69	3.49	13.99
Frankfurt	11.03	7.53	9.28	1.65	6.83	2.54	3.74	13.02
New York	11.22	9.83	10.53	1.03	3.42	2.32	2.26	12.79
Toronto	12.11	9.77	10.94	1.03	2.12	2.17	1.77	1271
Brussels	12.54	8.79	10.67	1.07	3.04	1.91	2.01	12.68
J. 10 10 10 10 10 10 10 10 10 10 10 10 10	11.92	6.63	9.26	1.82	5.17	2.04	3.01	12.29
Paris.	12.02	8.58	10.30	1.02	3.39	1.21	1.67	12.17
Milen	8.53	5.21	6.87	1.63	8.09	3.04	4.25	11.12

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#### **ACCOUNTANCY COLUMN**

Andrew Jack examines the latest cause for concern within the profession

# Lessons from the Maxwell collapse

JUST WHEN it seemed safe for accountancy to come out from the shadows, the Maxwell affair has dealt a fresh blow to the battered body of the profession. While the bruises of Polly Peck and BCCI are beginning to fade, the of the few weeks yet again raise some serious

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ONCIAL ANALYST

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In fact, compared with many of the other recent corporate collapses, auditors have so far remained outside the spotlight of publicity, as commenta-tors have focused on the activities of bankers, directors, pension fund trust-ees and members of the Maxwell fam-

Mr Chris Swinson, national manag-ing partner in BDO Binder Hamlyn and chairman of the ICA financial reporting and auditing group, caused some surprise when he voiced concern on the radio recently about the independence of firms which conduct non-audit work for the clients they about

However, Mr Brandon Gough, 'However, Mr Brandon Gough, chairman and managing partner at Coopers & Lybrand Deloitte, addited all the Maxwell companies, sees the Maxwell case as one in which these issues do not arise. "It is perfectly legitimate to raise ethical issues about accounting where they have relevance," he says. "But they are totally irrelevant here.

He likens the firm's position as additors to the manufacturers of bur-

auditors to the manufacturers of burglar alarms supplying equipment to shops affected by "ram raids", where gangs of thieves drive cars into shop windows, steal goods on display and

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speed aw y before they can be caught.
"It's no use a shopkeeper installing an alarm and then blaming the manufacturer when kids start using trucks
drive through the window," he

says.

Nevertheless, while it may months if ever before the full answers are known, what has happened in the Maxwell case and other recent corporate collapses does raise a number of

First, there are technical issues to be addressed. In common with many be addressed. In common with many companies, the accounting policies of the Maxwell generated controversy. The limit placed on goodwill and brands in parts of the group were viewed by some as rather high. Some not transactions between the public and private companies and pension funds, which lie at the heart of the current investigations, took place before the manactions, took place before the manactions raise likewise about

transactions raise difference about the "true and fair" nature of accounts designed in the intre

going concern?

responsibility for the future treatment of these issues will lie with the work programmes of the Accounting Standard Board, and the Audit-

the work programmes of the Accounting Standard Board, and the Auditing Practices Committee.
Second is the question of potential conflicts of interest. Hugh Aldous, managing partner of the fourteenth largest firm by income, is among those who argues over the past accountancy firms have started to

change in professional ships into flercely competitive high-turnover businesses, a process which is threatening their traditional reputa-

There can be little doubt that the restructuring the large actual transport that the large actual transport that the large actual time of recession, are putting them tremendous competitive pres-

The big firms say this is an artificial issue. For example, Urange Gough believes that work by Coopers' UK firm for Maxwell - providing audit in financial - was always and than I per cent of Coopers' total fee income from all clients. That currently represents about 65m.

closed in set of annual accounts, was £2.4m.

He says that fees would never compromise an audit. "Marwell was never in the category of clients from which we ever contemplated walking away. We had no make to do so. "You can take it for granted that there were some fairly intensive in accounting methods. But if we had any major difficulties we would have qualified the audit." He argues that the permanent threat of legal action, in the lability, prevents any such compromise to professional standards among the firms. "Litigation is a subject rarely in of minds particulary," he says.

Coopers responsible to group:

ing all parts of the Maxwell group:

MCC, MGN, I private and the pension funds, all of which are supposed to be at arms' length are each other. Should illimit each other. accountancy firms have represented them to ensure independence and pro-vide checks and balances?

High Aldous The Manager of the Manag for any complacency. The trade-off, of

course, is cost.

Gough believes that allocating separate teams from the same firm, times from different countries, to the individual Maxwell audits provided sufficient independence. He says that by covering the whole says Coopers was in a position to gain a better view of all aspects of its operations, with nothing concealed from the firm.

Mr Richard man, head of corporate finance at Coopers, and someone who previously carried out work on the group, was appointed as investiga-by the same after Robert Max-well's death. Might he not have had loyalties to the firm which could potentially make it it is to for him to critician is audits?

Gough sees one point worth considering for the future. Some senior staff in the firm had been working on the same client for long periods, and at least one senior member of the audit

lot to be said for establishing a review date to explicitly consider changing the people involved. If it gives added public assurance, it is probably a good

Some of the larger firms might argue that the fuse argue that the fuse argued by public ignorance of auditors' legal responsibilities, fuelled by jealously from smaller firms or a

by the professional institutes to be seen to be doing something. Nevertheless, it does raise man of the facing the profession as it now operates, and how some feel it should change in the future. That includes the issue of potential conflicts of interest over audit and non-work; the rotation of auditors; of I auditor as watchdog, between business

integrity. have certainly situation in there harely enough firms | with problem as as Maxwell collapse. Coopers at least two others are involved in the receivers, administrators, liquidators or investigators.

Any new pieces of generated by the affair are almost bound raise the question of potential conflicts of

to address these potential actively, or risk a

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# Producers to double cobalt price

By Kenneth Gooding, Mining Correspondent

COBALT, AN essential metal for some of the superalloys used by aircraft manufacturers and for some motor industry products, is to more than double in price next year. The Consolidated Copper Mines cobalt, suffered supply prob-said yesterday they would lift lems and this has seen the free

their prices to \$25 a lb for six market price race up in the months from January 1. They have been charging \$11 this year and previously had a target of \$13 for 1992. However, Gecamines, a state-owned group which accounts two leading producers, Geca-mines of Zaire and Zambia for 70 per cent of the world's

past few weeks to reach \$31-\$33 a lb yesterday.

The producers said the price was being increased to "take account of the expected supply position in 1992 and in order to ensure stability in the cobalt market. We are doing it

# Cominco may halt lead refining and close mine

By Bernard Simon in Toronto

COMINCO, The Canadian mining group, may withdraw from lead refining and close one of its lead mines if it fails in mails soon the protracted troubles of new smelter Trail, British Columbia, which uses QSL, reactor-based technology.

An am smelter now operating III Trail II understood to racking up heavy that Vancouver-based metals and fertiliser producer also considered temporarily suspending both and zinc refining operations. That option been how-partly the risk that freezing the property of year could damage unheated pipes and other anythment.

Should halt smelting Trail, it would probably the nearby sullivan mine. Sullivan proyear, but high-cost operation lifespan of much

A retreat lead operations is understood to be nong the more radical possibilities being Analdaria an Cominco performen of many of smelter at Stolberg, Germany, which will determine the future of the Trail facility. A final deci-sion is expected by the end of

By Robert Gibbens in Minaimal

PLACER DOME delay development of He big Mount Milligan cop-

per-gold project in southern British Columbia because

in a styr bout and an return from the

Placer, one M North Amer-

biggest gold producers, earlier this week dropped option to spend C\$240m (£115m) on developing the Eskay Creek gold-silver property in the Western British Column.

Including II C\$105m that it

total would

The Law Stolberg being carried by Lurgi, the that supplied the QSL technology the Trail The Stolberg smelter, which is one-third the one at Trail, went it com-mercial production month various modifica-

Mr Erik Menges, head of Lurgi's commercial department, yesterday: "We pl with experience far". He added Lurgi expected to make detailed proposal to Cominco early in the new has metallurgi-expert Stolberg

Lurgi has as much at stake as Cominco, since it also plans to install the GSL technology in smelters in South Korea and China. Metallgesellschaft, un German metal producer, in shareholder in both Cominco

The smelter at Trail, which production ity is 160,000 tonnes year, taken and a service in early the months. The main problem in in it reduclong reactor, be replaced pulverised coal the reducing

Analysis say that even with gold at US\$400 a troy ounce Placer could not achieve III

target II per cent IIII of return on the basis of half the

Placer has already spent C\$270m on acquiring Mount Milligan and undertaking feasi-

bility studies. Mr Fraser Fell, the chairman, has promised

that a decision on development will be announced by the end

of the year. The capital cost of

the project has been put offi-cially at C\$440m, making a total investment of well over

agent.
The old smelter, which has pressed back into service, produced refined lead in the first nine

months of this year. Cominco is also considering alternatives QSL QSL It a trial shipment of concentrates last October Russian smelter which liminary Russian smelter which satisfactory, but is apparently is apparently committing itself to another, largely untried beh-

nology.
The martil technology. developed by Australia's MIM Holdings, a part in the found little favour MIM has tly expanded the application of to scrap Australian is higher-grade than the application of the scrap Australian and the scrap are the

Although the problems
Trail are a major financial unoperating embarrassment,
Cominco has so far taken no legal action against Lurgi. The is he reluctant in heraus de in which Lurgi will are technology works perfectly from the start, and that Cominco the bank down new

if Placer's target return is to be

"It's hard to calculate return

when you must figure in major acquisition costs," he said.

Mount Milligan may have a

high grade core that could be mined in the early stages and help the economics, or reserves could be extended in giving

COCOA - Lendon FOX

Close Previous

Doubts about copper-gold project will be negative.
Mr David James, mining analyst with Library of Greenshields in Winnipeg, the project's economics require gold at US\$400 an ounce, copper at US\$1.50 a lb and the Canadian dollar at 80 US

till weather acting as the rmining factor. By late sary, the market will begin Interpret the market will begin to be custom the Opec meeting. This could be a tense gathering with Saudi Arabia striving to keep oil prices down in the face of a weak world economy and resisting pressure from other producers for action to tighten the market.

Iraq, its oil wealth frozen by UN sanctions, said it plans to boost its oil output to san barrels a day, mostly by development its southern fields.

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## Oil prices likely to remain

By David Lascelles, Resources Editor

volatile'

OIL PRICES, which have been weakening for several weeks, are likely to remain volatile until the next meeting of the Organisation of Petroleum Exporting Countries on Palmary 12, market analysts

Brent crude for February delivery traded at \$18.20 yester-day. Although this was slightly up on previous days' prices, it is more than \$1 below the price level at the beginning of this month, and \$5 below this year's high point.

year's high point.

Analysis say the market is going through a downward correction following fears during the third quarter of this year that crude supplies would tighten a year-end. These fears based on number of the property of the prop Iraq's oil situation, and the

onset of winter. In the event, none of these fears have materialised. Soviet oil supplies continue to flow on to the world market, the Iraq and the weather has been mild in the US and Japan. The recent cold snap in Europe had only a marginal effect on

Meanwhile demand remains dull because of the uncertain state of the world's major econ-

The fundamentals remain on the soft side", said Mr Ken Miller of Houston oil traders Purvin and Gertz. He said the main factor overhanging the market could still be a severe

market could still be a severe winter.

Cambridge Energy Research Associates said yesterday that output by Opec remained high, and Saudi Arabia was producing at full capacity. There was also a lack of underlying demand because of weak and weakening economies worldwide. Inventory levels around the world were also "comfortable," the consultancy said.

CERA is predicting that of prices will remain in the \$17-\$19 range in the first quarter of next year for the Opec basket, with weather acting as the

total investment of well over help the economics, or reserves could be extended in giving Placer will not comment on rumours that the Mount Miliser has not given any indigen decision may be delayed or total investment of well over help the economics, or reserves could be extended in giving open its southern fields, according to Mr Usama Hiti the minister reports Reuter from Baghdad.

The death of the decision manager.

The description of the decision manager.

The description of the decision manager.

The mines in the early stages and barrels a day, mostly by developing the could be extended in giving open. It is southern fields, according to Mr Usama Hiti touch 168 cents, it will be the first time under line at the wind that the second manager.

The description of the decision manager will have builts a day, mostly by developing the could be extended in giving open. It is southern fields, according to Mr Usama Hiti touch 168 cents, it will be the first time under line at the south of the condition of the condition of the could be extended in giving open. The development of the condition of the

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# Regenerating Argentina's forests

John Barham reports on ■ scheme for cologically-sound farming

HE CHACO II hot. dusty region of thorn bushes, woods and savannas that lies in the mid-M South America. In just a the richly-diversified mosaic of forest and grass-lands in the southern Chaco was stripped if in trees and its and denuded by cattle herds.

The same cycle of settle-ment, destruction and decline is being repeated in the Amazon rainforest as well as other parts of Chaco, which ers im square kilometres (386,000 miles) of west-Paraguay, northern Argen-tina and Bolivia.

However, Argentine farmers and now believe they have learned how to regener ate the Chaco through ecologi-cally-sound farming, showing that fragile environments can be preserved while providing settlers with a livelihood. The Argentine was

in the last after it opened by a railway cattle herding and charcoal-burning hugely profit-lt also made quebracho trees, which we to duce tannin and abound in the Chaco, a valuable commodity. But In over-exby the poverty black spot.

Today, farmers survive by herding cattle and further degrading the environment. They worsen admage by trapping wildlife for the and to sell to collectors.

If Mr Carlos Toledo, Argentine farmer and environmental mental all minds are regenerating in the reising

farmers' "In 1957 I read about range management and it seemed logical to me begin enclosing small areas to stop cattle grazing. Then I realised that getting rid of the cattle regenerated the Chaco".

Within a few years Mr
Toledo had 50,000 hectares of land in the backward province used the project as a of Salta, 1.200 km (750 miles) north-west of Buenos Aires, in a management project to pro-duce beef, timber and charcoal. the region's staple products.

After fencing the land, he removed fallen wood and almost all trees. The vegetation was burned to produce charcoal. A few mature quebracho and ironwood trees were left

source of patronage and management has become corrupt.
The co-operative fell into debt; the number of peasant families doubled to m but production

halved. Mr Toledo insists, however, that his approach is the only way of restoring the Chaco and alleviating poverty. He says "without management, cattle

Sustainable farming means changing the ways of poor and often tradition-bound settlers

standing to provide sees for natural reforestation. He added seeds of wild grasses where regrowth was poor and left the area undisturbed.

After five years, when these about 2m tall,

thinned out unwanted vegetation competition with the competition with the competition with the vegetation was burned to produce charcoal. Then he began controlled grazing and found that his regenerated pasture would take one head of cattle to four hectares, compared will one animal to 15 to 30 hectares on the conventional ranch. Mr Toledo also found that his cattle fattened more quickly. Traditional cattle ranches are huge but yield just 25 to 36 US cents a hectare, whereas Mr Toledo claims his land same

\$20 a hectare. In the final stage, 20 years later, the farm also begins yielding hardwoods on a sus-tainable basis for the tannin, construction and furniture

In 1973, the government was so impressed that it began a 300,000 hectare project known as Salta Florestal. Ironically, the project worked well until

to enter the market as a cer-

Inro's lower intervention, or

"may buy", price is 176 cents a kilogram, the level around which prices have been fluctu-

ating for two years until this

Present indicator prices are the lowest since 1985, when the

first international agreement was still in operation.

Reports suggest that news of reduced car sales world-wide

might have prompted the sharp price falls in the main markets. Imo's indicator prices

herds degrade the Chaco. There simply is no other alter-it is also good busi-ness". Mr Enrique Bucher, a zoologist at the University of Córdoba, who has worked with Mr Toledo, explains that "sus-tainable management is in fashion now. We have to go beyond showing it is feasible biologically. This is one of the

trouble exporting the charcoal produced at his newest property, the 10,000 hectare (2,470 acre) Los Colorados ranch in Salta. He adds that other products like Iguana skins (used to

first projects to get to the stage of dealing with political and other problems, like finding international markets, establishing optimal units".

Mr Toledo says he has no

make Texas cowboy boots) and parrots can be harvested in a sustainable and profitable way.

The Chaco's blue-fronted Amazon parrot is threatened by tempore who avered market market and the company of the company who avered market market market by tempore who avered market ma Amazon parrot is threatened by trappers who export more than US\$25m worth of the birds a year. But Mr Toledo, who is experimenting with sustainable ranching of the birds, reckons parrot exports can ter by converting yield sales 10 times greater.

But sustainable farming destroy the Cinco.

means changing the ways of poor and often tradition-bound settlers. Mr Bucher says "farmers must feel a sense of ownership and permanence towards the land, encouraging them to preserve, rather than plunder it". This is important given that initial investments in fencing are high and that payback periods stretch over many

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Terry Byland.

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A group of Argentine and foreign scientists, together with Mr Toledo are trying to spread the word of sustainable spread the word of sustainable farming through the Chaco. A group of ecologists, health workers, sociologists and economists is trying to create a regional management unit to coordinate development of the Chaco in a project funded by Unesco and US foundations.

But planning is difficult at

Unesco and US foundations.

But planning is difficult at the best of times in Latin America. The failure of the Salta Florestal project is a warning of political dangers. A legacy of suspicion still lingers from the Chaco war in the 1930s between Bolivia and Paragraph.

aguay.

The scientists quickly realised that it was better to begin at grass roots level. They want to involve farmers directly. demonstrating how sustainable farming works and showing how profitable it can be, as well as learning from local people. However, Mr. Bucher is at a loss over how to include the Chaco's remaining Indian com-

munitles.

The destruction of the Argentine Chaco is repeating itself in the Paraguayan and Bolivian sectors. In Paraguay, agribusiness ranches and dire farms are rapidly advancing into virgin territory opened by the new Trans-Chaco highway. The same thing is happening in Bolivia. This time, though, advantage to provide the control disease. scientists hope to avert disas-ter by converting settlers to environmentalism before they

#### Rubber pact faces severe test as prices near floor

(Prices supplied by Metal Trading)

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By Lim Slong Hoon in Kuala Lumpur

THE INTERNATIONAL Natural Rubber Organia I may yesterday still confronting an extremely bearish market which could put it to its most difficult test since the establishment. lishment of the second international natural rubber agree-ment in December 1988. The slide on international

markets in the past week has pushed Inro's indicator price down to just 1 cent above its lower trieger, or must buy, level of 166 Malaysia/Singapore cents - despite intervention purchases by its buffer stock

## Brussels urged to act on Soviet aluminium flood

Chicago.

By Kenneth Gooding

A CALL for urgent help to stem the rising tide of Soviet aluminium exports has been made to the European Commis-sion by the European Alumin-ium Association.

It says trade talks should

start as soon as possible if the European industry is not to be faced with more closures and. "further dismentling". The association suggests

that nearly im tonnes of Soviet. aluminium will be exported this year, an increase of more than 200 per cent on the 1990 level. "These quantities represent about 21 per cent of the total annual consumption of the the Frances aluminists conthe European aluminium con-suming industry and are creating enormous distortions in

CRUBE OIL (Light) 42,000 US gails \$/berrel

the aluminium markets with the aluminium markets with prices below cash costs of most of the European smelters," the association said yesterday. It has had meetings with officials of the commission's competition department which, the association says, is viewing its case "favourably".

The Dusseldorf-based association monitors the aluminum industries in Austria, France, Germany, Graces, Iceland.

musties in Austria, France, Germany, Gracce, Iceland, Italy, the Natherlands, Nor-way, Spain, Sweden, Switzar-land, the UK and Yugoslavia. Its cry for help comes after Mr Thomas Baack, thief econo-mist of the Metallgesellschaft metals group of Germany, said metals group of Germany, said the Soviet aluminium ship-

# WORLD COMMODITIES PRICES

1219/1210

1217-18

#### MARKET REPORT

Gold summi unchanged on the London builion mend at hitting a peak of the a troy stress and half point rise in German Interes IAMA I Is expected to remain in the number between less and as will not be seen as significant, Platinum held steady sharp retreat 🖬 📭 🖿 days. Nymex platinum futures are thought to be by the ounce. On the LME right prices continued to admired. The last said 🕮 week's 🖦 upturn anneared III fame to a page by Division physical demand.

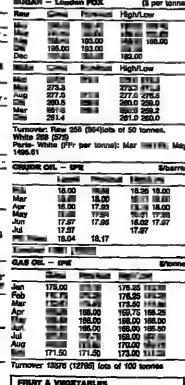
#### **London Markets**

SPOT MARKETS			and the same of
familia (per land III)		+ or -	4
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	\$18.05-8.20		Dec
(Feb)	\$18.05-8.15	ERRE	
W.T.I. (1 mm est)	010.00-0.15		
			He I
OH products			Aup
(NWE prompt delivery per l	onne CIF)	+ 01-	
Premium 1	\$197-200		Mar I
Gas Oil	\$177-9	+1.5	200 2
Heavy Fuel Oil	\$69-71		Turnover:
Naphtha	\$189-190	+880	White 268
Petroleum Argus Estimates			Parts- Whi
Other		+ or -	1496.61
		T GT -	CRUDE O
Gillia (per troy oz) 🏚	\$357.95		
(per la cz)4	100	-3.1	Marie Control
Platinum (per suy oz)	\$345.0		Mar
Palladium (per troy oz)		7.00	Apr
Copper	The second		May
Copper Day	37.0c		Jun
Tin (Kusia Lumpur	41.00	+0.03	Jul
Tin (New York)	255.5c	TUIUG	
Zinc (US Prime Western)			
			GAS OIL
Cattle (live weight)†		-2.39	4010 014
weight)f	154.32p	+3.63*	
(live	93.77p	TV-	Jan 1
daily (raw)	man .	-1.4	Feb !
	_		Mar I
London daily man (www)		-04	Apr
Tate and Lyle export price	£202.5	10.0	127
(English feed)	£126.5u		Jul
Malze (US No. II	11.1		Aua
(US Dark	2101.0		No. 1
			Turnover 1
Foreign (Jan) 🖤	48.50p		- MILITARE
Rubber (Feb)♥	48.75p		FRUIT A
R\$S 🔤 1 Janj		-1.0	Christma
all males at	Acres C	-22.5	Satsume
oli (Philippines)\$			Klwitruit
Paim Oil (Melaysian)§	\$372.50	4.5	at 80-£1.4
Copra (Philippines)§	\$415		Grapeiru
(US)	€143.5	+0.5	19-30o es

🖿 r-ringgit/kg, g-Feb t-Fe y-Jan/Feb z-Dec/Jan, fMest ago. \timedon physical market \$CIF Bullion market close. m-kteleyster

waiting for a dip in prices to add ther purchases and during re fourth quarter, possibly totalling reuse than 10,000 tonnes, ned I now something they bought and early this. Zinc ralled strongly in the afternoon minuted buying sort short covering with three-month dipped into the key \$1,100-a-tonne level. Aluminium minima in fluctuate in a resman

range. Traders and that dips \$1,120 m man for in when bargain hunting me short covering, but my Miles \$1,140 mas likely Compiled In Table 1



-1.6	FRAT & VEGSTARIES Christmas fruit buys this wask include
Sz -22.5 Su -	Satsumes at 40-45p a lb reports the FFVIB. Kiwitruit at 13-25p each, honeydew melons at 80-\$1.60p and gatis melons \$1.86-3.00.
+0.5 -0.9	Grapefruit are, pink 25-60p each, and white 19-30p each. Ocean Spray cranberries are 21-20-1-40. English and Dutch Brussel
ob/May u-Jan/	sproute 32-50p a to, English cabbage 15-22p a lo depending on variety. Carriets at 15-20p a lo and parsnips at 25-45p a lb. Potatoes, white and red varieties are at 3-14p a lb.
Commission from a week If Restordsm.	Spania and Cenary Island tomatoes are at 50-75p a lb, losberg lettuce at 70-85p each with celery at 38-89p a heed.

# 915 904 915 920 980 Turnover: 2872 (6392) lots at 10 mman IGCO indicator prices (SDRs per tonne). Daily price for Dec.18 984.85 (988.80) 10 day average (973.72) OOPPER - Indian HER Close High/Low

	Mar May Jul	987	100 1005	100	5
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tonne)	Dec.18:	Camp. .95 (84.18	deally <b>62</b> 04	cents per p (62,73) III	-
9		C.CCQ.			
Q	POTAT	OES -	London FC	at	t/tonne
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	Turnov	pr 186 (1	45) lots of 2	20 Jonness.	
	BOYAL	SEAL -	London PC	×	
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li May	Apr		124.00	100.40	
barrel	-	A 1 10 1	20 to	rines.	
Daniel.	Prency	_	edoa FOX	\$10/10	dax point
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77 17	Jul BFI	1329	1325 1528	1330	i
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/tonne			99) don POX		£/lonne
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	Apr	97.00	97.85	98.70 0	0 .
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Jun	1 <u>9.90</u>	19.31 -	19.47	19.25	. Jul	370/2	572/0	57014. 577/4	. 6
Jul	10.20	19.81	19,47	19.20	Aug	679/0	574/6	681/4	- 5
Aug	19.40	19.32	15.42	19.40	Sep	574/0	576/Q	= \$80/Q	8
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~	CB 50°F 30	,500ths; ou			Dec	185.7	186.7	187.7	18
- Carri					MALZ	5 000 hu	min; cents/8		_
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Aur day	77.80	78.35	78.50	77.75	Dec	Group.		High/Low	:
al .		83,25			Mar	-	251/2	251/4	24
			86,00	85.75	May	-	262/0	255/2	25
		89.10	89.00	88.80	-Jul	-	267/0		
Ξ		92.40 · .	92,60		Jul Sep	=	267/0 292/0	267/0 262/2	28
=		92.40	94,00 94,00	88.90	Sep Dec	=	267/0 262/0 258/0	267/0 262/2 258/0	26 25 25
NGA		92.40	94,00 94,00	88.90	Sep Dec Mer	-	267/0 292/0 258/0 264/4	267/0 262/2 258/0 264/4	26 25 25
	R WORLD	92.40	94,00 94,00	88.90 mbs/ibs	Sep Dec Mer		267/0 262/0 258/0 264/4 min: centu/6	267/0 252/2 258/0 264/4 Olb-bushel	26 25 25 26
	A WORLE	92.40	92,50 94,00 100 lbs; ce High/Los 8.79	88.80 mbs/fibs	Sep Dec Mer WHEA	Close	267/0 282/0 258/0 254/4 mirc centu/6 Previous	267/0 262/2 258/0 264/4 Olib-bushel High/Low	26 25 25 26
lar	A WORLE Close	92.40 Previous 8.69	92,50 94,00 100 lbs; ca High/Lo 8,79 8,68	68.80 mts/lbs	Sep Dec Mer WHEA	Close 406/6	267/0 262/0 258/0 264/4 mirc centu/6 Previous 403/0	267/0 262/2 258/0 264/4 Oib-bushel High/Low 407/0	26 25 25 28
RIJGAI Aar	R WORLD	92.40 Previous 8.60 8.50	92,50 94,00 100 lbs; ce High/Lo 8.79 8.68 8.64	88.80 mts/lbs	Sep Dec Mar WHEA	406/6 386/6	267/0 262/0 258/0 264/4 mirc centu/6 Previous 403/0 369/2	267/0 262/2 258/0 264/4 08b-bushel High/Low 407/0 391/6	26 25 25 26 40
der U	A WORLE Close	92.40 Previous 8.69	92,50 94,00 100 lbs; ca High/Lo 8,79 8,68	68.80 mts/lbs	Jul Sep Dec Mer WHEA Dec Mar May	406/6 386/6 364/2	267/0 282/0 258/0 264/4 mirc centu/6 Previous 403/0 369/2 367/6	287/0 252/2 258/0 284/4 0ib-bushel High/Low 407/0 301/6 369/0	26 25 25 26 40
der U	Ciose 8.77	92.40 Previous 8.60 8.50 8.46	92,50 94,00 100 lbs; ce High/Los 8.79 8.88 8.54 8.54	88.80 Inta/lbs	Jul Sep Oec Mer WHEA Dec Mar May Jul Sep	406/6 386/6	267/0 262/0 258/0 264/4 mirc centu/6 Previous 403/0 369/2	267/0 252/2 256/0 284/4 0ib-bushel /%gh/Low 407/0 391/6 398/0 338/0	26 25 26 26 36 36 36
der ud	R WORLE Close 8.77 8.54	92.40 Previous 8.60 8.50 8.45 8.46	92,50 94,00 100 lbs; ce High/Los 8.79 8.88 8.54 8.54	88.90 w 8.94 8.52 8.46	Jul Sep Dec Mer WHEA Dec Mar Mar Jul Sep Oec	406/6 386/6 364/2 333/4 335/0 351/0	267/0 282/0 258/0 258/0 258/0 264/4 mint combute Previous 403/0 369/2 367/6 367/6 349/0 349/0 352/4	267/0 252/2 256/0 294/4 Oib-bushel //igh/Low 407/0 301/6 308/0 338/0 332/4	26 25 25 26 40
der ud	R WORLE Close 8.77 8.54	92.40 Previous 8.69 8.50 8.45 8.45 8.45	92.50 94.00 100 lbs; ce High/Lo 8.79 8.88 8.54 8.54 8.58	88.90 	Jul Sep Dec Mer WHEA Dec Mar Mar Jul Sep Oec	406/6 386/6 364/2 333/4 335/0 351/0	267/0 282/0 258/0 258/0 258/0 264/4 mint combute Previous 403/0 369/2 367/6 367/6 349/0 349/0 352/4	267/0 252/2 256/0 294/4 Oib-bushel //igh/Low 407/0 301/6 308/0 338/0 332/4	26 25 25 26 40 36 33 33
lay	8.77 8.54 9N 50,000	92.40 Previous 5.90 8.50 8.45 8.45 8.45 8.45	92,50 94,00 100 lbs; ce High/Lo 8,52 8,54 8,54 8,54 8,54 8,54	88.80 mb/lbs 7 8.64 8.62 8.48 8.46 0	Jul Sep Dec Mer WHEA Dec Mar Mar Jul Sep Oec	405/6 385/6 364/2 333/4 335/0 351/0	267/0 232/0 258/0 264/4 min; centu/6 Previous 408/0 389/2 367/8 337/4 349/0 352/4	267/0 262/2 259/0 284/4 00b-bushel //igh/Low 407/0 301/6 308/0 343/0 352/4	26 25 25 26 40 36 33 33
lay	8.77 8.54 9N 50,000	92.40 Previous 8.60 8.45 8.45 8.46 2.45 ; cents/ibs	92.50 94.00 100 lbs; ce High/Lo 8.79 8.88 8.54 8.54 8.58	86.80 mts/fbs w 8.64 8.52 8.48 8.46 0	Jul Sepc Mer WHEA Dec Mar May Jul Sep Oec LIVE C	Close 406/6 386/6 364/2 333/4 338/0 351/0 Close	267/0 282/0 258/0 258/0 264/4 mir: cernis/t mir: cernis/t 403/0 389/2 367/6 367/6 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0 349/0	267/0 262/2 259/0 284/4 00b-bushel //igh/Low 407/0 301/6 309/0 343/0 352/4 s/fbs	26 25 26 36 36 33 33 34
lay	A WORLS Close 6.77 A.54 M 50.000 Close 60.83	92.40 Previous 8.99 8.50 8.45 8.45 8.45 7 cents/ibs	92.50 94.00 00 lbs; ce High/Lo 8.79 8.54 8.54 8.54 8.54 8.75	88.80 mb/lbs 7 8.64 8.62 8.48 8.46 0	Jul Sep Dec Mer WHEA Dec Mar Mar Jul Sep Oec	Close 406/6 386/6 364/2 333/4 335/0 351/0 Close 68.97	267/0 282/0 258/0 258/0 264/4 mirc centa/6 Previous 403/0 369/2 367/6 349/0 349/0 352/4 000 the; centarious 70.02	257/0 252/2 250/0 254/4 Olin-bushel FightLow 407/0 391/5 308/0 352/4 suffer FightLow FightLow FightLow FightLow FightLow	26 25 26 36 36 33 34
lay OTTO	8.77 8.54 8.00 Close 8.77	92.40 Previous 8.80 8.45 8.45 8.45 8.45 8.45 8.45 8.45 9.70 8.45	92,50 94,00 00 lbs; ce High/Lo 8,79 8,54 8,54 8,54 8,54 8,54 8,54 8,54 8,54	86.80 mts/fbs w 8.84 8.82 8.46 0	Jul Sep Dec Mar WHEA Dec Mar May Sep Oec LIVE (	Close  406/6 386/6 364/2 333/4 335/0 361/0  Close 68.97 70.16	267/0 252/0 252/0 258/0 264/4 min: cernin/t Previous 403/2 363/2 367/6 363/2 367/6 363/4 343/0 362/4 343/0 362/4 70.02 70.02 71.95	287/0 282/2 259/0 294/4 Oth-bushel Fight.ow 407/0 301/6 301/6 308/0 343/0 343/0 343/0 343/0 343/0 343/0 71.00	26 25 26 36 36 33 34 36 70
lay OTTO	A WORLS Close 6.77 A.54 M 50.000 Close 60.83	92.40 Previous 8.90 8.45 8.45 8.45 8.45 8.45 8.45 8.45 8.45	92,50 94,00 00 lbs; ce High/Lo 8,58 8,54 8,54 8,54 8,54 8,56 61,25 62,30 64,60	88.80 mb/lbs 7 8.62 8.46 0 89.20 60.70	Jul Sep Dec Mar WHEA May Jul Sep Dec LIVE C	Close 406/6 386/6 364/2 333/4 335/0 351/0 Close 68.97	267/0 282/0 258/0 258/0 264/4 mir: cernin/t mir: cernin/t 408/0 389/2 367/6 367/6 369/0 369/0 369/0 369/0 369/0 369/0 37/4 369/0 369/0 369/0 37/4 37/4 37/4 37/4 37/4 37/4 37/4 37/4	287/0 252/2 259/0 254/4 00b-bushel FightLow 407/0 309/6 309/0 343/0 343/0 343/0 343/0 343/0 77.00 77.00	26 25 26 38 38 39 70 71
lay OTTO	8 WOFELE Close 8.77 8.84 8.84 8.85 8.85 8.85 8.85 8.85 8.85	92.40 P11" 112:0 Previous 8.90 8.50 8.45 8.45 8.45 8.45 8.45 8.45 8.45 9.45 9.45 9.45 9.45 9.45 9.45 9.45 9	92,50 94,00 100 lbs; ce High/Lo 8,78 8,58 8,58 8,58 8,58 8,58 8,58 8,58	86.80 mts/lbs w 8.64 8.62 8.46 0 59.20 50.70 54.25 0	Sep Oec LIVE C Peb Apr Jan Aug	Close 406/6 386/6 386/6 364/2 333/4 335/0 351/0 Close 68.97 70.16 71.42 68.36 98.02	267/0 252/0 252/0 258/0 264/4 min: cernin/t Previous 403/2 363/2 367/6 363/2 367/6 363/4 343/0 362/4 343/0 362/4 70.02 70.02 71.95	287/0 252/2 259/0 284/4 00in-bushel Fight.ow 407/6 390/6 390/0 349/0 352/4 indiba indiba 09.70 77.00 77.00 77.00	28 25 26 A0 38 533 334 B8 70 71 88
lay OTTO	8 WOFE Close 8.77 8.54 8.54 8.54 8.54 8.54 8.54 8.54 8.54	92.40 Previous 8.90 8.45 8.45 8.45 8.45 8.45 8.45 8.45 8.45	92,50 94,00 100 lbs; ce High/Lo 8,78 8,58 8,58 8,58 8,58 8,58 8,58 8,58	86.80 mts/lbs w 8.64 8.62 8.46 0 59.20 50.70 54.25 0	Sep Dec Live C Feb Apr Jun Aug Oct	Close 406/6 386/6 386/6 364/2 333/4 338/0 351/0 Close 68.97 70.16 71.42 68.36 98.32 67.45	267/0 282/0 258/0 258/0 264/4 mirc cemb/c Previous 408/0 389/2 367/6 349/0 349	287/0 252/2 259/0 254/4 00b-bushel FightLow 407/0 301/6 309/0 343/0 343/0 343/0 343/0 343/0 71.00 77.00 77.00 77.00	26 25 26 26 38 36 33 33 34 70 71 88 86 67
lay OTTO	8 WOFE Close 8.77 8.54 8.54 8.54 8.54 8.54 8.54 8.54 8.54	92.40 P11" 112:0 Previous 8.90 8.50 8.45 8.45 8.45 8.45 8.45 8.45 8.45 9.45 9.45 9.45 9.45 9.45 9.45 9.45 9	92,50 94,00 100 lbs; ce High/Lo 8,78 8,58 8,58 8,58 8,58 8,58 8,58 8,58	86.80 mts/lbs w 8.64 8.62 8.46 0 59.20 50.70 54.25 0	Dec Mar WHEA May Jul Sep Dec Live C Live C Live C C Live C C C C C C C C C C C C C C C C C C C	Close 406/6 388/8 364/2 333/4 388/0 Close 68.37 70.16 71.42 68.36 66.35	267/0 282/0 258/0 258/0 264/4 mirc cerns/t Previous 409/0 369/2 367/6 349/0 34	287/0 253/2 253/2 253/0 284/4 00b-bushel Fight.ow 407/0 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 370 170 08.70 77.05 77.25 88.75	26 25 26 26 38 36 33 33 34 70 71 88 86 67
lay OTTO	R WOFE Close 8.77 8.84 8.84 8.84 8.86 80.63 64.02 82.80 82.80 82.80 83.80 84.02	92.40 92.11 112.0 92.11 112.0 93.89 94.50 94.45 94.45 94.70 95.40 95.40 96.40 97.90 98.40 98.40 98.40 98.40 98.40 98.40 98.40	92,00 94,00 100 lbs; ce High/Lo 8,78 8,58 8,54 8,54 81 10 10 10 10 10 10 10 10 10 10 10 10 10	88.80 mts/lbs W	Dec Mar WHEA May Jul Sep Dec Live C Live C Live C C Live C C C C C C C C C C C C C C C C C C C	Close 406/6 388/8 364/2 333/4 388/0 Close 68.37 70.16 71.42 68.36 66.35	267/0 282/0 258/0 258/0 264/4 mirc cemb/c Previous 408/0 389/2 367/6 349/0 349	287/0 253/2 253/2 253/0 284/4 00b-bushel Fight.ow 407/0 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 391/6 370 170 08.70 77.05 77.25 88.75	26 25 26 36 36 33 33 34 70 71 88 86 67
lay OTTO	R WOFELE Close 8.77 8.54 8.54 8.54 8.54 8.54 8.54 8.54 8.54	92.40 P=11" 112:0 Previous 8.89 8.45 8.45 8.45 9.45 9.470 9.470 9.500 lbs:	92,00 94,00 100 lbs; ce High/Los 8,78 8,54 8,54 8,54 8,54 8,54 8,54 8,54 8,5	86.80 mts/ibs W	Dec Mar WHEA May Jul Sep Dec Live C Live C Live C C Live C C C C C C C C C C C C C C C C C C C	Close 406/6 386/8 386/8 386/8 383/4 333/4 338/0 Close 68.97 70.16 71.42 68.96 68.97 68.96 68.98 68.98	267/0 282/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 359/0	287/0 252/2 259/0 284/4 00b-bushel Fight.ow 407/6 399/6 399/6 399/0 338/0 348/0 348/0 348/0 352/4 bibbe 68.70 77.00 77.20 58.75	26 25 25 26 40 36 36 33 33 34 77 77 88 69 69
der ud DTTC DTTC dc ser	R WORLS Close 8.77 8.54 8.54 8.54 80.63 64.02	92.40 92.11 112.0 92.11 112.0 93.89 94.50 94.45 94.45 94.70 95.40 95.40 96.40 97.90 98.40 98.40 98.40 98.40 98.40 98.40 98.40	92,00 94,00 94,00 100 lbs; ce Hight or 8,79 8,54 8,58 8,48 Hight Los 92,30 62,30 64,60 7 Gents/lbs	88.80 mts/lbs W	Sep Dec Mar May Juli Sep Dec Live C Feb Apr Jum Aug Cet Dec Live Mar May Sep Dec Live Mar May Jum Aug Cet Dec Live Mar	Ciose 406/6 386/6 386/6 386/2 3334/2 3334/0 351/0 Ciose 68.97 70.18 68.97 71.42 68.35 69.92 67.45 60.35	267/0 292/0 258/0 258/0 268/4 mint cernis/t mint cernis/t 408/0 369/2 367/6 369/2 367/6 369/0 36	287/0 252/2 259/0 254/4 00b-bushel FightLow 407/0 309/6 309/6 309/0 345/	26 25 26 38 33 33 34 70 71 88 68 68
der ud DTTC DTTC dc ser	R WORLS Close 8.77 8.54 8.54 80.83 60.83 64.02 Close 16S.70 784.20	92.40	92,50 94,00 96,00 10 lbs; ce High/Los 8,58 8,58 8,58 8,58 8,58 8,58 8,58 8,5	86.80 mis/lbs w 8.84 8.82 8.46 0 59.20 60.70 161.60 163.65 165.00	Dec Mar WHEA May Jul Sep Dec Live C Live C Live C C Live C C C C C C C C C C C C C C C C C C C	Close 406/6 386/8 386/8 386/8 383/4 333/4 338/0 Close 68.97 70.16 71.42 68.96 68.97 68.96 68.98 68.98	267/0 292/0 258/0 258/0 258/0 258/0 258/0 268/2 367/6 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0 352/4 345/0	287/0 252/2 259/0 284/4 00b-bushel Fight.ow 407/0 391/6 391/	26 25 26 36 36 33 33 34 70 71 88 86 67 68
LEY OTTO CIC SET	8 WORLS 6.54 8.54 8.54 60.83 64.02 Close 60.83 64.02 Close 163.70 784.20	92.40 92.40 92.41 92.41 92.40	92,00 94,00 94,00 100 lbs; co High/Lo; 8,79 8,54 8,54 8,54 8,54 8,56 81,25 62,30 9 64,50 0 0 64,50 0 0	86.80 mis/fibs W 8.84 8.82 8.46 0 58.20 60.70 161.60 165.00 0	Sep Dec Mer WHEA Dec Mar May Sep Dec LIVE C Dec LIVE C Dec	Cicae 406/6 3064/2 33344 33340 351/0 2ATTLE 40, Cicae 68.37 70.16 71.42 68.36 98.92 67.45 66.36 0GS 40.00 Cicae 41.17	267/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 369/2 367/6 357/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 340/0	287/0 253/2 259/0 254/4 1016-bushel 367/0 307/6 358/0 343/0 352/4 843/0 352/4 843/0 72.25 88.00 143/0 72.25 88.00	262 252 263 363 363 364 701 711 883 667 401 401
LEY OTTO CIC SET	R WORLS Close 8.77 8.54 8.54 80.83 60.83 64.02 Close 16S.70 784.20	92.40	92,50 94,00 96,00 10 lbs; ce High/Los 8,58 8,58 8,58 8,58 8,58 8,58 8,58 8,5	86.80 mis/lbs w 8.84 8.82 8.46 0 59.20 60.70 161.60 163.65 165.00	Sep Dec Mer WHEA Dec Mar May Sep Dec LIVE C LIVE C C C C C C C C C C C C C C C C C C C	Close 406/6 339/6 339/6 364/2 33340 351/0 Close 68.97 70.16 71.42 68.25 68.25 66.25 Close 41.17	267/0 282/0 258/0 258/0 268/4 mir: cerna/t Previous 408/0 389/2 367/6 362/4 000 lbs; cent 70.02 71.65 72.77 68.17 67.60 68.00 68.80 0 lb; certa/t 40.77 40.56	287/0 252/2 259/0 259/0 259/4 00b-bushel FightLow 407/0 309/6 309/0 343/0 340/	2625 253 263 363 333 344 401 361 401 361
Lay OTTO	R WORLS Close 8.77 8.54 8.54 8.54 80.63 64.02 163.70 184.20	92.40  117 112.0  Previous  8.69  8.45  8.45  6.47  6.4.75  15,000 lbs: Previous  162.55	92,00 94,00 94,00 100 lbs; co High/Lo; 8,79 8,54 8,54 8,54 8,54 8,56 81,25 62,30 9 64,50 0 0 64,50 0 0	86.80 mis/fibs W 8.84 8.82 8.46 0 58.20 60.70 161.60 165.00 0	Sep Oec LIVE M Oec LIVE M Apr Jui	Close 406/6 396/6 396/6 396/2 333/4 333/4 333/0 351/0 Close 68.37 70.16 61.35 663.35 Close 41.17 44.20	267/0 292/0 258/0 258/0 258/0 258/0 258/0 258/0 369/2 369/2 367/6 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 340/0	287/0 253/2 253/0 253/0 253/4 00b-bushel 15gb/Low 407/0 391/5 358/0 353/0 353/4 352/4 15gb/Low 15gb/Low 171.00 712.00 183/0 18	262 252 263 363 363 364 701 711 883 667 401 401
LEY OF TO CHE OF THE PROPERTY	A WORLS Close 8.77 8.54 8.54 8.54 80.83 60.83 64.02 Close 165.70 784.20	92.40 911" 112:0 Previous 8.69 8.45 8.45 8.45 64.45 64.45 64.70 15,000 lbs; Previous 162.55	92,50 94,00 96,00 10 lbs; co High/Lo 8,59 8,54 8,58 8,58 8,58 8,58 8,58 8,58 8,58	86.80 mis/lbs w 8.84 8.82 8.48 9.20 60.70 161.60 163.65 165.00 0	Dec Mar May Jul Dec Feb Apr Jun Aug Cet Gec Feb Apr Jun Aug	Close 406/6 386/6 386/6 386/2 333/4 333/4 351/0 Close 68.97 70.18 71.42 68.35 69.35 Close 41.17 41.05 44.50 44.50 44.50	267/0 282/0 258/0 258/0 258/0 268/0 268/0 268/0 369/2 367/6 369/2 367/6 369/0 369/2 367/6 369/0	287/0 253/2 253/0 253/0 253/4 00b-bushel 15gb/Low 407/0 391/5 358/0 353/0 353/4 352/4 15gb/Low 15gb/Low 171.00 712.00 183/0 18	2625 253 263 363 363 370 771 881 401 401 401 401
LEY OF TO CHE OF THE PROPERTY	8.77 8.54 8.77 8.54 8.64 8.63 84.02 84.02 85.70 161.56	92.40	92,50 94,00 94,00 100 lbs; ce High/Los 8,54 8,54 8,58 8,58 8,58 8,58 8,58 8,58	86.80 mis/lbs w 8.84 8.82 8.48 8.46 0 59.20 60.70 181.60 163.65 165.00 0	Sep Oec LIVE M Oec LIVE M Apr Jui	Close 406/6 338/6 338/0 338/0 338/0 338/0 351/0 Close 68.97 70.16 71.42 68.25 68.25 66.25 Close 41.17 41.05 44.50 44.50 44.50 44.70	267/0 282/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 359/0	287/0 253/2 253/0 253/0 253/4 00b-bushel 15gb/Low 407/0 391/5 358/0 353/0 353/4 352/4 15gb/Low 15gb/Low 177.00 772.00 183/0 18	2625 253 263 363 363 363 370 711 881 401 401 401 401 401 401 401 401 401 40
LEY OF TO CHE OF THE PROPERTY	8.77 8.54 8.54 8.54 8.64 8.63 84.02 84.02 84.02 163.70 163.70 163.70 163.70 163.70 163.70 163.70	92.40 911" 112:0 Previous 8.69 8.45 8.45 8.45 64.45 64.45 64.70 15,000 lbs; Previous 162.55	92,50 94,00 94,00 10 lbs; ce High/Lor 8,73 8,54 8,54 8,54 8,54 8,58 8,58 8,58 8,58	86.80 mis/lbs w 8.84 8.82 8.48 8.46 0 59.20 60.70 181.60 183.65 165.00 0	Sep Oec LIVE O CEC Feb Apr Jui Aug Oct Oec C	Close 406/6 386/6 386/6 386/6 364/2 33344 33340 351/0 2ATTLE 40, Close 68.37 70.16 68.32 67.45 68.35 0G8.40,00 41.05 44.45 44.50 43.50 43.50 43.50	267/0 292/0 258/0 258/0 258/0 258/0 268/0 268/0 369/2	287/0 253/2 253/2 253/0 253/4 00b-bushel FightLow 407/0 397/6 398/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 443/0 443/0 443/0 443/0 443/0 443/0 443/0	262 25 26 26 26 26 26 26 26 26 26 26 26 26 26
LEY OF TO CHE OF THE PROPERTY	8.77 8.54 8.77 8.54 8.64 8.63 84.02 84.02 85.70 161.56	92.40	92,50 94,00 94,00 100 lbs; ce High/Los 8,54 8,54 8,58 8,58 8,58 8,58 8,58 8,58	86.80 mis/lbs w 8.84 8.82 8.48 8.46 0 59.20 60.70 181.60 183.65 165.00 0	Sep Oec LIVE O CEC Feb Apr Jui Aug Oct Oec C	Close 406/6 339/6 339/6 339/0 331/0 351/0 Close 68.97 70.16 71.42 68.35 69.92 67.45 69.92 41.07 41.05 41.07 41.05 41.07 41.00 43.00 BELLIES 4	267/0 282/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 258/0 359/0	287/0 253/2 253/2 253/0 253/4 00b-bushel FightLow 407/0 397/6 398/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 443/0 443/0 443/0 443/0 443/0 443/0 443/0	2625 253 263 363 363 363 370 711 881 401 401 401 401 401 401 401 401 401 40
Lay OTTE	8.77 8.54 8.54 8.54 8.64 8.63 60.63 64.02 64.02 64.02 651.56 68.83	92.40 P11" 112:0 Previous 8.69 8.45 8.45 8.45 64.70 96.40 15,000 lbs: Previous 162.55  4: Septemb Dec.18	92,50 94,00 96,00 10 lbs; co High/Lo 8,79 8,84 8,54 8,56 8,56 8,56 8,56 8,56 8,56 8,56 8,56	88.90  mis/fbs  # 2.04  8.52  8.48  8.46  0  59.20  90.70  161.80  163.65  165.00  0  1 = 100}  0 yr ago  1708.2	Sep Dec Mar WHEA Dec Mar May Sep Dec LIVE C LIVE C Cet Cet Cet Cet Cet Cet Cet Cet Cet Ce	Close 406/6 386/6 386/6 386/6 364/2 33344 33340 351/0 2ATTLE 40, Close 68.37 70.16 68.32 67.45 68.35 0G8.40,00 41.05 44.45 44.50 43.50 43.50 43.50	267/0 292/0 258/0 258/0 258/0 258/0 268/0 268/0 369/2	287/0 253/2 253/2 253/0 253/4 00b-bushel FightLow 407/0 397/6 398/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 343/0 443/0 443/0 443/0 443/0 443/0 443/0 443/0	2625226 26353333333333333333333333333333
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Lay OTTE CL Car	8.77 8.54 8.78 8.54 8.78 8.54 8.54 8.54 8.54 8.54 8.54 8.54 8.5	92.40 92.40	92,00 94,00 94,00 100 lbs; co High/Los 8,79 8,84 8,54 8,54 8,56 8,56 8,56 8,76 81,25 82,30 9 9 9 9 9 185,65 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	88.80  mta/lbs  # 8.62 8.62 8.46 6 658.20 60.70  161.60 163.65 165.00 0 1708.2 1100} 0 yr ago 1708.2 1100]	Sup Dec Mar WHEA Dec May Sup Dec Feb Apr Jun Jun Aug Oct Dec Feb Apr Jun Aug Oct Dec Feb Apr Jun Aug Oct Dec	Ciose 406/6 398/6 398/2 333/4 333/4 351/0 Ciose 68.97 70.16 71.42 68.35 68.35 60.35 Ciose 41.17 41.20 41.20 41.20 41.20 41.20 41.20 41.20 61.35 Giose 57.45 67.45 67.45 68.35	267/0 292/0 258/0 258/0 258/0 258/0 258/0 264/4 403/0 363/2 367/2 367/2 367/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 70.02 71.95 72.77 69.17 69.17 69.17 40.52 44.20 44.20 44.20 44.20 44.20 44.20 42.47 70.00 Est; Csi	287/0 287/0 259/0 259/0 259/0 259/0 259/0 259/0 359/0	265 255 266 365 365 367 371 401 401 401 401 401 401 401 401 401 40
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Lay OTTE CL Car	8 WOFEE 8.77 8.84 8.77 8.84 8.77 8.84 8.77 8.85 8.77 8.85 8.77 8.85 8.77 8.18 8.77 8.18 8.19 8.19 8.19 8.19 8.19 8.19 8.19	92.40 92.40	92,00 94,00 94,00 100 lbs; ce Hight or 8,58 8,54 8,58 8,58 8,58 8,58 8,58 8,58	88.80  mta/lbs  # 8.62 8.62 8.46 6 658.20 60.70  161.60 163.65 165.00 0 1708.2 1100} 0 yr ago 1708.2 1100]	Sep Oec LIVE Mary July Aug Oct Ceb Apr July Aug Oct Apr Aug Aug Apr Apr Aug Apr A	Ciose 402/6 388/6 388/6 384/2 333/4 333/4 351/0 Ciose 68.97 72.18 68.95 71.42 68.35 68.35 68.35 68.35 68.35 Ciose 41.05 32.77 44.20 43.50 43.50 43.50 65.50	267/0 292/0 258/0 258/0 258/0 258/0 258/0 258/0 369/2 369/2 367/6 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 352/4 343/0 68.00 68.80	287/0 287/0 287/0 259/0 284/4 00b-bushel }	265 255 266 365 365 367 365 367 401 401 401 401 401 401 401 401 401 401

#### LONDON STOCK EXCHANGE

# Interest rate worry brings heavy fall

By Terry Byland, UK Stock Market Editor

7 THE BUNDESBANK's decision Enuto raise German interest rates n-by half point yesterday Marie Control of the tusurprise and deepened the of igloom already hanging over rine onities in London. However, te rine FT-SE Index, had already if fallen by nearly 40 points synhead of the Bundesbank's in reaction the

back in Tokyo and a further re ground of downgradings of UK London brokerage analysts. By the close, the fall on the Footis is had been trimmed to 22 points for a final reading of

E a. The rise in German rates. quickly followed by similar on moves by some other European countries, blotted out hopes for early reductions in British rates, and revived the fear that

Piret Dealinge: Dec 9	Dec 30	. Jan 13
ption Declaration Dec 23	og; Jan 9	Jay 23
Dec 27	Jan 10	Jan 24
Jan 6	Jan 20	Feb 3

these may have to be raised. Analysts believed that the Bundesbank's action, while surprising in terms of timing, had been to some extent dis--counted. But nervousness in the equity market increased towards the close when ster-

ling weakened.
Share prices started quietly but soon fell as the retail and building sectors came in for further profits and dividend downgradings, this time from a

leading UK securities house. A severe downgrading of fore-casts for profits at ICI, the market's favoured blue chip chemical company, dealt m blow to investor confidence.

Trading pressures were pounded by difficulties in the derivatives markets, where activity in the FT-SE option was suspended for an hour because of delays in processing

vious day's business.

Market confidence further shaken by ment of a sharp rise in UK unemployment in November, unexpected gain in
ber bank lending firmly
rejected any sign improved economic activity. confirm the equity market's over the recessionary

still apparent in the UK and to cast further doubt on prospects for an early recov-

the Footsie benchmark was lost, equities spun downwards, and tested the at the day's low as equity chart specialists again warned that there might be litle support now less and on Footsie scale.

Buyers appeared at the lower levels, however, and prices staged a good encouraged by a steady ing the new on Wall Street, where the Dow was unchanged when London home for the day.
But genuine investment

activity was no more than moderate yesterday, according traders at the leading Overnight tax-re-

lated deals were of substantial proportions again, and pro-vided the land share of the day's Seaq volume total of 815.3m shares, compared with

Mulai on Wednesday. Composite insurance groups are believed to be engaged in unusually large me related activity at present and this activity increasing in normal seasonal of tax-orien-

tated business.
Yesterday's fall of just under
1 per and in the London equity market compared favourably with the reaction of other European bourses ■ the hike programme ••• operated in UK equities and confidence also challenged by the rise in London which appeared to threaten upward pressure on

Two-way

to

pushed

down 20

Wednesday's results, which
pointed to problems in the photocopier market, nothing
help continuing

Rank's

Wolume of 3.5m include a tax-related bed and breakfast deal of

lated bed and breakfast deal of

29m at 550p. Severn Trent Water deliv-

ered the best performance of stock, closing 10 higher at 327p after Credit

Lyonnais Laing, the stockbroker took 14 distribution on a

visit w Severn Trent's IIII

disposal operations. The division we been viewed

as a loss-maker to Severn but the visit dispelled and about

In the weak

Dowty results, III Phillips and Drew downgraded Lucas

Industries, shaving 220m off its current year profit forecast to 280m and the same amount off

MARKET REPORTERS:

Other market statistics, Share cas and law in Options, Page 21.

year's.

1992-93 at £90m.

Steve Thompson.

Peter John.

Laure Price,

#### FINANCIAL TIMES STOCK INDICES Dec Dec Dec Dec 127.4 (3/1/75) 87.10 87.28 87.22 (2/1) (18/9) 90.59 50.53 (2/1) 3/1/75) 97-37 27 27.39 90.97 Fixed Interest 90.59 1833.7 IIII IIII 1606.3 2108.3 2108.3 127.0 734.7 43.5 (15/2/83) (28/10/71) (11/7)FT-3E 108 116/1) 6 2413.6 2432.9 1198.60 938.62 938.62 (3/9) (16/1) (16/1/91) ET-SE Ettrotrack 200 1089,45 1101,95 1105,06 1105.57 1106.13 Bress 700 Gov. Seco 15/10/26, Fixed Int. 1928, Ondersry 17/7/5, Gold mines 12/9/55, Basis 1900 FT-SE 100 51/15/83 & FT-SE 200 € MB 15,65. 7.50 4.99 7.50 7.43 16.93 ●Earning Yid %(full) ●P/E 11.86 164.1 SEAO Bargns 4.45pm 1,557 22,133 1012.62 958.56 1228.23 1012.62 958.56 1228.23 27.705 17246d (ml)† 482.9 529.4 GILT EDGED ACTIVITY Dec 17 Indices\* Gilt Edged Ordinary Index, Hounty Day's High Day's Low Open 9 am 10 am 11 am 12 pm 1 pm 2 pm 3 pm 4 pm 1828.3 1815.3 1808.9 1802.4 1808.3 1805.8 1807.0 3 pm 1816.9 5 - Day 85.4 "SE Activity 1974. FT-SE 100, Hourly changes Day's High Day's Low 2373 8 tExcluding intra-market Open 9 am 10 am 11 am 12 pm 1 pm 2394.7 10 am 2394.7 2381.0 2381.0 2381.7 London report \*\*\* FT-SE Eurobrack 200, Hourly changes Day's High 1888.72 Day's Low 1086.22 Share index; Open 10 am 1094.84 11 am 1090.95 12 pm 1091.04 1 pm 1087.07 2 pm 1098.91 3 pm 1091.04 TRADING VOLUME IN MAJOR STOCKS

Volume Closing Day's 000's Price obsorm

## ICI hit by new forecasts

SHARRS in ICI reacted to a profit downgrade for 1991 and
1992 by agency broker James
Capel. They slipped in
11390. Capel
Cut in profit by
1230m 1830m and forecast W 21.05bn, from 21.20bn.
The downgrade followed an

update on trading from the company and the house said it reflected continuing tough trading conditions and the greater likelihood of those conagreement themsood of those con-ditions persisting further into 2.1992 than had been expected. The However, Capel maintains this view that there is "further relative upside" in the shares and that their value, based profits achievable by mid between 1200 and 1250p.

#### Dowty active

Bid speculation revived Bid speculation revived over Dowty Group, which helped it put on 18 to 149p in hefty turnover of 4.3m. Smiths industries and TI Group again figured strongly, although the market was divided over the strength of the rumours.

Dowty, whose interests focus on the aerospace, information technology (Tr) and electronic investems; sectors, recorded, poor isystems sectors, reported poor results last week and said it would centre future strategy on its aerospace business. This has prompted speculation over spossible disposals. US telecoms groups the Baby Balas were rumoured to be interested in the IT business, while Japan's 'Kawasaki is also said to be watching the situation. Smiths ilost 7 to 265p.
TI Group, which lost 14 to

-- 524p, was also unsettled by continuing worries over its large US exposure, with sterling's strength against the dollar being the main strength against the dollar being the main strength and the dollar bit Slebe, down 12 at 499p.

#### --- Hillsdown slide

News 🖬 🖿 resignation 📲 Mr O'Sullivan, finance director of Hillsdown Hold-the manufacturing group, unnerved the company's shares which alumped 18 to 157p, after 151p, easily the lowest level for over five years.
Dealers said the resignation, as from March next year, put the thoroughly bad year for Hillsdown after the failum of its recent big rights issue.

Turnover in the reached 22m, although this lure was heavily by the buy-back large number and breakfast, or trades, trades, we of sulliver and heavily and Mr O'Sullivan said he leaving Hillsdown in join Greencore, in troubled in

#### SmithKline down

Securities houses begun to trim their profit lactors in Smithkline Reecham following discussions with the company. Smithkline has been telling analysts that the cost of launching three significant drugs next year — Relifen, Kytril and Seroxat — will hit

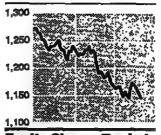
earnings growth Hoare Govett reduced its 1992 estimate by £35m to £1.135bn but continues to favour the stock and Nomura is contemplating reducing its forecast to about £1.16bn. It was around the top of the mar-ket range with a forecast of £1.2bn. The shares lost 9to 813p

#### Burmah setback

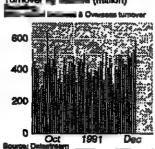
Burmah Castrol paraded one of the worst falls in the oil sector, as analysts at some of the City's most influential broking houses, including Cazenove, Burmah's broker James Capel and Smith New Court, chopped their profits estimates for the group.
Cazenove was said to have lowered their current year estimate to 270m and that for next

year to £85m; with James Capel said to have moved down to £78m and £85m. Smith New Court, it was said, lowered their current year forecast

#### FT-A All~Share Index



**Equity Shares Traded** 



the day's lowest level, with turnover reaching 782,000. Son Alliance gave an impressively strong performance in an otherwise shaky composites

sector, closing 2 firmer at 282p on exceptionally heavy turn-over of 6.1m; the company is expected to reveal this morning details of the extent of its mortgage indemnity losses. I thoroughly depressing

review of the stores sector by County NatWest caused waves of selling pressure throughout the retailing arena. County summed up its views on the sector by telling clients. You III have mappier, more christmas it you sell some stores now."

to 283m and that for next year to 280m.

Burmah Castrol downgradings have to be the first item on year's agenda. Sales disap-

**NEW HIGHS AND LOWS FOR 1991** 

**APPOINTMENTS** 

NEW MICHE (11).
Alerricans (1) Amedia, Canadian (1)
Assezi, Cherical (1) Cembridge incline
Labs. Elettronics (2) Electron Dale
Processing, Cosonics, POGD RETAILING
(1) Park Foods, HEALTH & HOUSEHOLD
(1) Sention-tield, INVESTMENT TRUSTS
(1) Scotlich Value, MEDIA (1) Dally Mail
A, MISCELLANEOUS (1) Office & Electronic,
OTHER BROUSTRIAL MATERIALS (1) Harris

CTHER BEDUSTRIAL MATERIALS (1) THE CONTROL OF THE C

Hilladown, Lieborne, POOD RETAILRIG (4)
ASDA, Ashley, Low (Win), Testeo, HEALTH
& HOUSEHGLD (1) JS Pathology, NOTELS
& LESURE CO Steepy Kide, Whitegatha LesBERSTANCS COMPOSITE (1) Poyala LesBERSTANCS COMPOSITE (1) Poyala LesBERSTANCS COMPOSITE (1) Poyala LesBERSTANCS COMPOSITE (1) Poyala LesWires, Cons. 1 mure (1) Castle Calm
Wires, Cons. 1 mure (2) Wires. SWA
Inc., Electra Inc., Reming Energ. Mics.
Wires, Prench Property, Futerum Inc.,
Gartmore Les Les Les Les Les Les Les Les Les
Bigh Inc., Twoer von Wires. MEDIA
(3) Alibed Radic Inc. 2007. Lopez, WPP,
INSTAL & METLAU, DORRERO (1) Bighs Steel,
INSCELLANEOUS (6) Les Dudley Jenkins,
Gastelber, Shatha & McEvan, MOTORS
(2) Europeen Motor. Do. Units, Ot. & GAS
Surmest Cested, Cyde Petrim. Hardy
Ob., LASMO, Pict Petrim., Premier Cons.,
Santos, Scapine, OTHER PRANCIAL (2)
Centrard & Nat., IF Pacific Wirnit, OTHER
BRUSSTAIAL MATERIALS (2) Allied
Petrinstall, Nata Pri., PACKAGENIO, PAPER
& PRINTING (2) Repole, Waco., PROPERTY
(10) British Lend, Erk. Land (Jersey) 8-pro
Orn. 2011, Gréyoost, Gr. Portland,
Hatsmerson A, Land Sock, MEPC,
Pulmers
Prop. Partmership, Shekashary,
Sylo, TEXTURES (1) Alexandra Workwest,
TRAMESPORT (2) All Mopon Airy
TRAMESPORT (2) All Mopon

Keir Turner will con-

tinue as orredorn of the Amsspace Group and Hawley stays as a director of the Industrial Power Group. He also becomes managing director of NRI.

Michael Hodekinson has

become BAA's group airports director and a director at the

pointed, and widespread decounting and Sunday opening is symptomatic of nurchase of Times and County. the up-market caterers. Anaints we the stock is also attracting buyers as one of the panicking". County purchases in The gained "Current news in the ndustry and security fronts Two-way factors by

The broker suspended all buy recommendations, reinforced is "sell ils sell profits in a majors, "especially Spencer, given the recent outperformance". Marks & Spencer shares

dropped to 272p before settling a net 8 off at 274p. Boots fell 9 to 427p and Ratners 4 to 27p. Kingfisher shares attracted flurries of selling and touched 470p prior to ending the day 11 lower on balance at 477p.

warning tough its downgrades continued m weigh heavily on Sainsbury, 3 off at 349p and Tesco, 4 off at 209p. Much of the turnover in Asda, 30m shares, included bed and breakfast deals, but the stock came under intense pressure early in the session, slipping to 25p before steadying to close a net penny off at 25p. Brewers were steady with Bass gaining 3 to 1005p and Allied-Lyons holding its price

of 596p. Institutional buying continued in Reuters Holdings,

ensuring that the stock was one of the few bright spots in the FT-SE 100 Index. The shares rose rose 7 to 967p.
Wellcome also and out with rise of 8 in 938. In stock is traditionally tightly-held and war few tradex was held and very few traders were prepared to sell the shares yes-terday so the effect of any buying was However, other international

stocks suffered from the raised German interest rates. Glaxo lost 15 to 797p, Rothmans International fell 16 to 995p and Fisons eased 5 to 327p. Securities house Hoare Govett its profit fore-casts on Harrison & Crosfield but the yield

the strong. The shares lost 3 to 113p.

British Gas jumped 3½ to 257%p on heavy turnover of 12m as the stock after it escaped from a referral to the Monopolies Commission.

Lasmo plummeted II to 230p

on 4.1m with the group's absorption on Ultramar leading to worries about stock indiges tion after the bid goes through. Recent worries that Forte might have to cut its dividend by 70 per cent on some anslysts estimates - prompted the hotels and leisure group to assure brokers that the final dividend will almost certainly maintained. also improved Water ay's

# | Votage | Votage | Votage | Votage | Cost | Day's | Prize | Cost | Cost | Cost | Prize | Cost | | Volume Cooling Day's | Other Cooling Day's

**EQUITY FUTURES AND OPTIONS TRADING** 

INTRA-MARKET trading predominated in La derivatives markets yesterday although a healthy premium in FT-SE futures also lent support to a nervous equity mar-ket, Peter John.

Yourse Closing Day's 900's Price change

affected during the morning by a breakdown in Footsie trad-ing because of technical problems. If Foot-intures dealers were and out their in

BRITISH FUNDS - Cont.

into the March Breed They also arbitraging in the The desire in straighten

books meant December maintained a healthy premium despire the market weakness in Japan and the raising of interest rates in Germany. December closed at 2,398 with peaks property

March was less lots desir minds contions and 12,288 options and 3,747 Euro FT-SE options made up half the mar-total turnover of 30,211 patchy with Asda, British Gas and Cadbury the most popular There a buyer of 500, March 16 series Hillsdown calls at 9.

# | Acres | First | Funds | Fund

BRITISH FUNDS

For 1982 24.

10 1 you for 1982 25.

10 1 you

10.25 10.23 1.89 9.55 8.79 9.95 9.95 9.95 9.95 Over Pitteen Vesers
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8 1-pt 2007 A 6
11-pt 2007 A 6
13-pt 2007 A 6
13-pt 2007 A 6
13-pt 2008 A 15
13-pt 2008
CON Spc 1a 2011 44
80: 2011 A
2011 8 1-2018
7 4 pt 2012-1881
Each 12pt 13-77

100 A 100 A

OTHER FIXED INTERECT

BRITISH FUNDS - Cont.

Abrican Dev 11 ½ 2010.
Aufan Dev 11 ½ 2010.
Aufan Dev 10 ½ pc 2008.
Bram 11 ½ pc 2012.

apr len 1930.
13 pc 97-02.
61.6 % pc 1990-92.
Hydro Quebec 15pc 2011.
Hydro Quebec 15pc 2011.
Hydro Quebec 15pc 2011.
Liverpoot 3 ½ pc 2008.
Liverpoot 3 ½ pc 2009.

There is the Holders of Version to subscribe for shares of common stock of Ryoden Trading Company, Limited issued in conjunction with (A) U.S. \$30,000,000

> (B) U.S. \$55,000,000 5%% Guaranteed Bonds due 1992

38% Guaranteed Bonds due 1992

and

Notice is hereby given that as a result of the issuance by Ryoden Trading Company, Limited of its U.S. \$100,000,000 Per cent. Guarantino 1995 with Warrants on December, [11] [Japan time] with a Subscription 1 of Japanese Yen 1,107 per share, each of the Subscription Prices for is above captioned Warrants was adjusted as follows:

Subscription | before adjustment

Subscription siter adjustment

(A) = 736.80 (B) = 833.90 (A) Yen 723.90 Ven 819.30

Such adjustment became as from 111 December, 1991, (Japan rime). Ryoden Trading Company, Limited By: The Mitsubishi Trust and Banking Corporation, Ltd.

as Principal Paying Agent 30th December.



italian international Bank Pic US\$ 45,000,000

In accordance with 🔤 provisions of 🔤 Notes, notice 🖫 hereby

will be US\$ 241.46.

Subordinated Floating Rate Notes due 1996

given that for the interest period from December 18, IIIIII June 18, 1992, the Notes will carry an interest rate of 4 1/2 % per annum and the The Agent Bank coupon amount per US\$ 10,000

The Agent Bank
Kredietbank
Lucembourg

Bristol & Building "Society")

£100,000,000 Floating 1992 (the "Notes")

NOTICE IS HEREBY GIVEN THAT, in 5 of the Notes, the Society will all the outstanding Notes at their principal in the Payment I falling January

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Citibank, N.A. The WC2R 1HB Citibank (Switzerland)

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will go some way towards stemming City criticism of the utility's in-bred management Rogerson, 46, replaces Allan Sutcliffe who had to retire for health reasons earlier this year. After qualifying as a chartered accountant, he joined Hill Samuel's corporate finance team in 1968 and subse-

-New gasmen

BRITISH GAS, which has been seeking a new finance director for some months, has — Philip Rogerson, ICFs number two finance man. He is one of

come aboard

two new appointments to the British Gas boardroom which

quently worked for Thomas
Tilling, Steetley and J W Chafer. In 1978 he joined ICI as
assistant chief tant of
the agricultural division. Howard Dalton, who joined British as from Amoco 18 months ago, has also been elected the board. He is - managing director, exploration and production, and his absence from the board room had seemed unusual given his considerable experience in

oil industry. ICI, which has had an unusually high turnover of its general management team lately.

has moved quickly to replace Rogerson by promoting the 47-year-old Alan Spall, another chartered accountant, to be general manager - finance.
Spall, who joined ICI's Mond
division in 1970, is currently a director of ICI specialities.

ROLLS-ROYCE has reshuffled its board with the reshuffled its board with the appointment Richard Turner and John replace Frank Turner, Keir and Robert Hawley. Turner rejoined Rolls-Royce from STC in November where he was group marketing directory having worked for RR tor, having worked for RR from 1965 to 1988. Rose is currently director of corporate

operations.

The company says the moves are "a further refinement in the wake "the reorganisation of Rolls-Royce into two divisions [aerospace and industrial power] last January". The new board members will be more involved in strategic than those they

director and a director the company, his main role is to help airlines develop their businesses at each BAA airport. Hodgkinson, 47, is moving after eight years at Grand Metropolitan, where I unchief executive of GM Foods Europe. In the motor industry, first with Ford and then Britfirst with Ford and then British Leyland where he rose to be managing director of Land

Ireland attracts Welshman

Kevin O'Sullivan is departing as finance director of Hills-down Holdings for the green pastures of one of Ireland's bigwill become chief financial officer of Greencore, the sugar and group which recently sned a handful directors because of a scandal

over corporate deal. How-ever, this per increase in annual pre-tax profit that the underlysound. The London such market did not take kindly to O'Sullivan's decision; Hillsdown's share price shed 13p. Sentiment has been against Hills-down since III September and a better quality of life."

His grandfather was Irish and he has many connections there.

rights issue was only 48 per cent taken up.

Yesterday rumours circulated that O'Sullivan's resignation might be a repercussion of the flop, or signify some other row. This was firmly denied by him and by Sir Harry Solomon, Hillsdown's chairman. O'Sullivan, 49, says: "I'm

Welsh: I have spent most of my working life outside London and I have never enjoyed commuting." His journey from north Hertfordshire takes well over an hour each way. six years with Hillsdown, "I real I was a new challenge and a better quality of life." His grandfather was Irish and

#### Movements in finance ■ Richard Crowder is md of SCHRODERS Guernsey.

■ Charles Taylor and Iar Scott, both formerly of NWS Bank, are appointed joint chief executives of SOVEREIGN LEASING. ■INVESCO MIM ple has appointed Samuel DeKinder to the board in place of

Wendell Starke who is appointed chairman of investi Mim inc in Atlanta. Hiroshi Katsuta, Min Investment Trust Management in Tokyo, is also appointed to the board.

Bruce Fireman, chairman and founder of Fireman Rose, is appointed md of GUINNESS MAHON Media and Communications Finance.

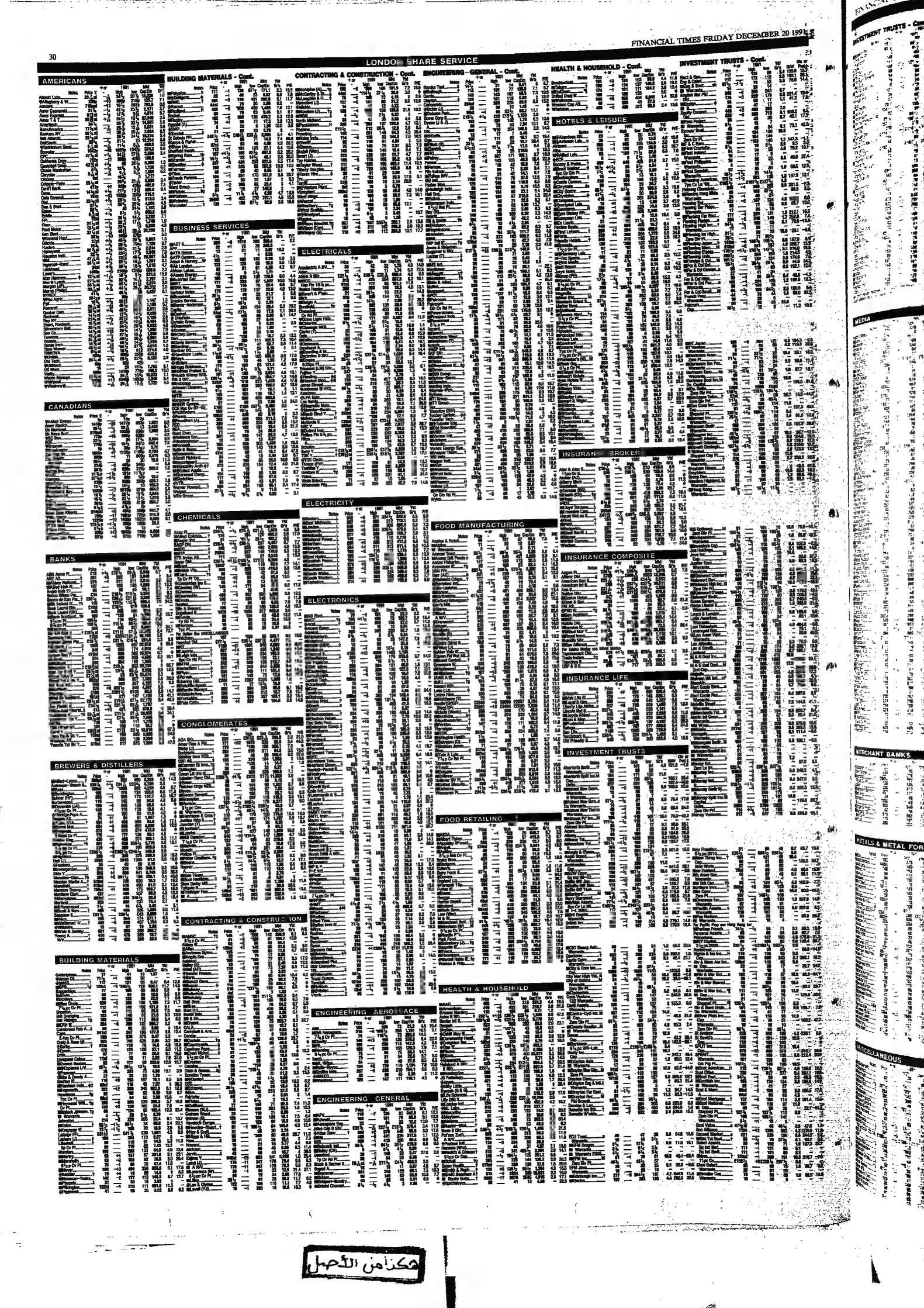
NATIONAL & PROVINCIAL

Building Society has appointed Michael Pendle as director of savings and personal credit.

LAZARD BROTHERS has appointed Michael Bottenheim, Adrian Evans, and Antony Northrop as mds, Adde and Detek McMillan as Einstein and Bottenheim Alecak directors and Roger Alcock as a non-executive. Glvn Peat is appointed to the board of Lazard Investors. Francis Thireau, who moves from BNP's office in Brussels,

becomes deputy md of BNP MORTGAGES. David Barton is promoted to md of BNP Insurance Services.

Chris Boobyer is promoted to the board of BARCLAYS MERCANTILE Business



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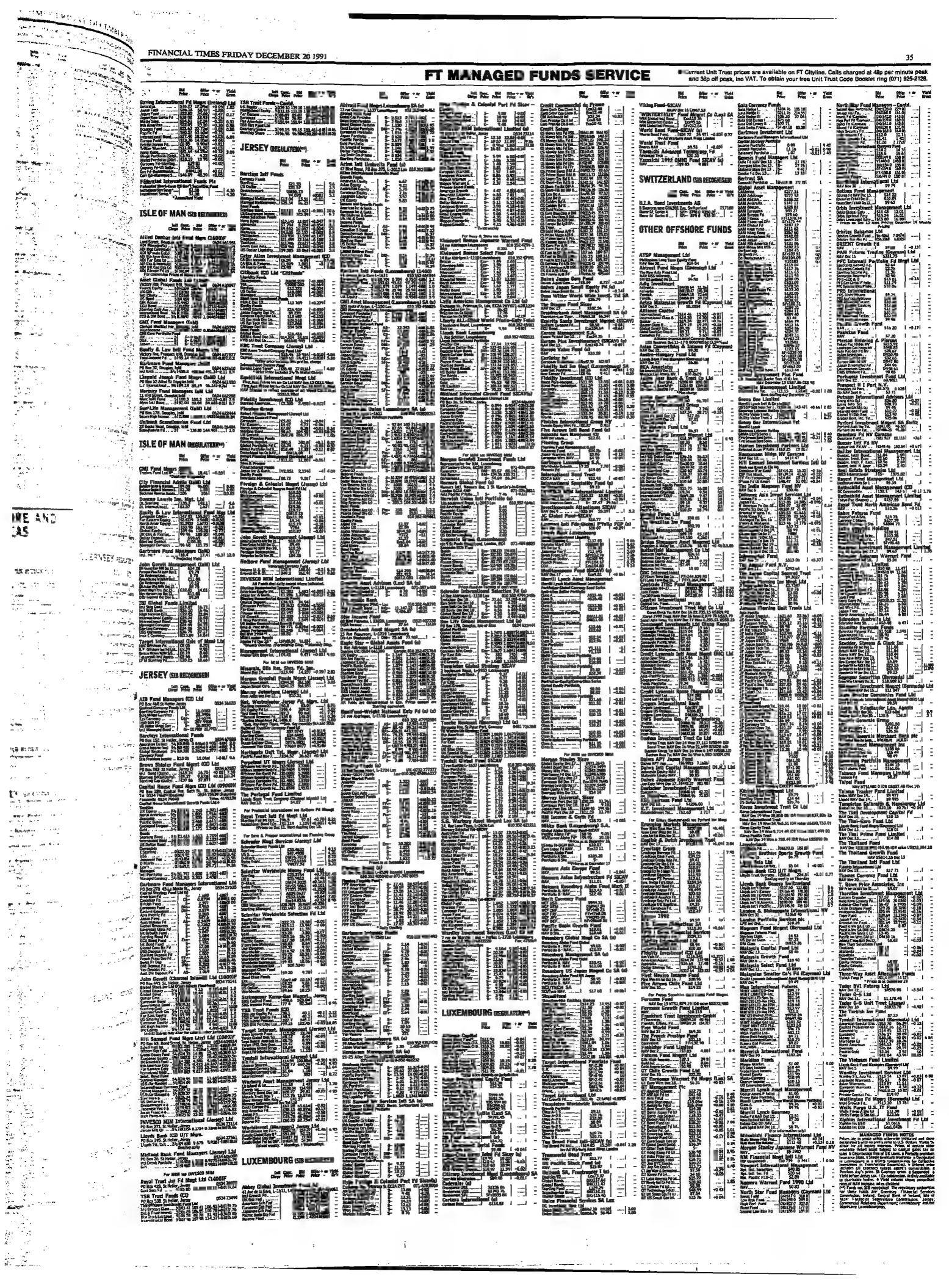
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#### CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

## Bundesbank unsettles markets

TENSIONS inside the ERM increased yesterday after the Bundesbank surprised the markets with . 1/2 point in German interest rates, forcing Belgium, Denmark and the Netherlands to raise their interest rates and causing spec-

ulation that rise in French is not far behind.

The dollar also came under pressure, alther the Bundesbank's move to have delayed a cut in the US rate, while in the ling markets dealers were anticipating further I for the pound.

The W point rise in German currency markets. A w tradhad anticipated 🛮 🗎 point rise while most dealers had expected the Bundesbank to leave rates unchanged.

The response was immedition the dollar fell by over a pfennig against the mark, while the ERM, the hetween stronger widened.

Mr David Land of Chemical Bank that it was not just the rise in the surprised but but the strength Bundesbank's Bundesbank made that further in in this will

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Derling I S Dollar Janadian Dollar		92.5 62.0	-20.3 -17.0	Dec, 19	Day'ı Spreed	Cless	One month	94 P.L.	Three Importes	% p.e.
esonan Dotter estrian Schilling eigian Franc unish Krone -Nark eiss Franc utch Guilder	- 11 11 11 11 11 11 11 11 11 11 11 11 11	105.4 110.5 112.5 109.3 120.0 109.7	+1.7 +12.4 -1.4 +5.3 +5.8 +17.9 +16.7	UK?	18240 - 18370 16925 - 17110 11445 - 11545 17535 - 17760 12.00 - 12.40 4.0625 - 6.1245	1.8330 - 1.8340 1.7100 - 1.7110 1.1535 - 1.1543 1.7565 - 1.7573 32.00 - 32.10 4.0625 - 6.0675	0.99-0.97cpm 0.80-0.75cpm 0.23-0.27cdis 0.76-0.79cdis 12.00-15.00cdis 2.35-2.70ordis	343455 545455	2.87-2.840m 2.50-2.40pm 0.77-0.834is 2.30-2.344is 40.00-43.00dis 7.70-8.404is	6.77.77 -2.78.77 -2.78.78 -2.78 -2.78 -2.78 -2.78 -2.78 -2.78 -2.7
rench Franc ira		103.8 99.0 139.8	-12.7 -19.8 +73.0	Pernagai Spain Hereire	1.5585 • 1.5770 138.30 • 139.20 98.95 • 160.05 1177.00 • 110.75 6.1300 • 6.1920	1,5585 - 1,5595 138,40 - 138,50 99,25 - 99,35 1181,50 - 1182,00 6,1350 - 6,1400	0.66-0.69cds 112-122cds 65-70cds 7.80-8.30Hress 2.70-3.10cress	733	2,03-2,06ds 315-340ds 1,98-208ds 22,90-23,30ds 8,85-9,40ds	報
ic 10 Legap 1985 - 1	0, Bari 100, -1	of Englan	d Index (Sase Dec.18	France	5.3220 - 5.3810 5.6905 - 5.7430 128.10 - 128.70 10.9775 - 11.0900 1.3810 - 1.3945	5.3300 - 5.3350 5.6950 - 5.7000 128.25 - 128.35 10.9900 - 10.9950 1.3825 - 1.3835	2.28-2.33 offs 4.65-4.90 oregis 0.15-0.16 yels 4.30-4.80 gradu 0.42-0.45 octs		7.17-7.276s 12.70-13.256s 0.48-0.49ds 13.20-14.50ds 1,28-1.32ds	
Dec 19	Basir # rata %	Special ** Drawing	Europees † Cerrency Voil.	Commercial r	1.2925 - 1.5055 Ster takes towards to theres and discounts	13030 - 13040 he end of Laudon tra ease to the US dolla	diag. ireland	and ECL	2,43-2.87pm are quoted in US armits.	

OTHER CURRENCIES Dec 19

Official rate. Floating rate £-2578.0 \$-1421.0

**MONEY MARKETS** 

EUROPEAN money moved higher yesterday surprised in German

Belgium, I'm Netherlands,

and Denmark all fol-lowed suit by immediately

increasing interest rates. There was also widespread speculation the the French franc will

in London, UK

with im key three months

inter-bank in rising in 11-10% per min from 10%-% per cent. The money in now

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

discounting a ⅓ point

There uncertainty over

whether 🍱 UK would be able

to resist a politically damaging rise in base rates. With the

government fighting a general election time in first half of next chancellor is expected at all he can in

On the other hand,

weakness could force the authorities hand. Money

markets calm down, Illia months money would at around 10% per cent, reflecting

the division of opinion over the

said that once the

rise in **W** base rates.

avoid ■ rise in n

European rates firm

Overnight UK money rates

were under less pressure after the Bank of England provided the market with much of its

liquidity before midday. The forecast shortage was

eventually put at £1.25hn, which exactly equalled the amount of assistance provided

French Literal rates were

forced higher after the Bundesbank's surprise move. In market, the

March three months inter-bank fell heavily 1 90.27,

down 28 points in busy dealing.

Money French performance against the D-Mark in the

coming days will determine whether the Bank of France avoid rise in interest

Yesterday it left the

intervention in unchanged

9.25 per cent in im money

market dealings. But with the mark pushing up perilously FFr3.42, level

which the Bank of

recently defended, was far from clear whether would be hold interest

Allor the Bundesbank's

move there speculation

about an imminent reduction in the UI discount mus

Dealers said Unit with the

dollar under pressure, the

Federal Reserve would hold

on rates, despite the growing and a second

at their current levels.

by Bank

& Blank rate refers to control bank discount rates. These are not quoted by the UK, Spain and Ireland

mark was particularly strong against the French franc, rising towards FFr3.42, the level which the Bank of France was recently forced defend. The mark closed at FFr3.4190-95, up 20 points on the day.

be matter of days before the Bank of France is forced raise interest The intervention Mile was life unchanged at 9.25 per cent yesterday, but there was widespread talk in the French markets that increase will come early next

The Italian lira was under pressure amid sugges-tions that the Bank of Italy had been intervening in However, noted lira had more room manoeuvre in the ERM the French franc. The mark ...... 10 L757,70 from

Sterling slipped DM2.8575 from DM8700, although with DS Spanish peseta firmer, its effective floor against the mark fell to DM2.8350, giving some leeway to the Bank of England.

Most dealers were expecting a further decline in sterling. The unwillingness of the UK government to consider a politically damaging rise in interest rates leaves sterling vulnerable to speculative attacks.

The dollar continued to weaken as a large rise in US weekly unemploym at figures was reported. While the Bundesbank's move has delayed **a** cut in the discount rate, an eventual move by the Federal Reserve will widen the interest rate differential between M

and Germany and further undermine the dollar.

The dollar fell back to a low of DML5550 before closing at DML5590 compared with

		Eco Central Rates	Amounts Against Eta Dec 19	RRENCY % Change from Central Rate	% 51	Spread Weakest preacy	Divergence indicator	
Agian Frantillaria.  Mark	ds Guilder 2 31643   2.29668   -0.85   2.93   38							
POUI		)T - F	ORWAR	D AGAIN	_			
Dec 19	Day's		Close	Ose meath	S.A.	Three months	8	
m	18240 - LI 20920 - 21	185 21	130 - 1.8340 135 - 2.1145 175 - 3.2275	0,79-0,97cpm 0,73-0,62cpm	6.41 3.83	2.87-2.8 1.92-1.7		

Dec, 19	Day" y	Close	Open		A Three	g.a.
Francy	138.30 - 139.20 98.95 - 100.05 1177.00 - 3897.75 6.1300 - 6.1920 5.3220 - 1.3810 1.6805 - 5.7430 128.10 - 128.70 10.9775 - 11.0800 1.3810 - 1.3945 1.2925 - 1.3655	18300 - L80 1.7100 - 7.71 1.1525 - 1.55 1.7565 - 1.75 32.00 - 32.11 4.6025 - 4.06 1.5585 - 1.93 1.38.49 - 138.6 1.3580 - 4.14 1.3580 - 4.14 1.3580 - 4.14 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330 1.3580 - 5.330	10 0.80-4 173 0.20-4 175 0.76-4 12.00-1 12.00-1 12.00-1 0.66-6 112-2 10.66-6	27 cds   -2   17 cds   -2   17 cds   -5   16 cds   -5   16 cds   -6   17 cds   -8   17 cds   -1   17 cds   -1	14 315-3 16 198-2 17 22-30-23 57 8,85-9 19 7,17-7 06 12,70-13 46 0,483 97 13,20-14 777 1,28-1	40m 5.73 40m 5.73 40m -2.77 340m -2.38 40da -2.31 00da -2.25 40da -2.46 40da -2.46 40da -2.46 40da -2.46 40da -2.46 40da -2.46 -3.16 55da -2.11 55da -2.11 55da -2.11
Commercial r Forward green	Sign takes towards to signs, and discounts					и из ситему.
_	BUNU-C	URRENC	Y INT	FHE91	HAILE	
Dec 19	Short Land	7 Days antics	One Algesth	Three Micerbia	Str. Months	One Year
Starting US Detlar Cass. Dellar	- 일 :	뛎뾽	號機	10g - 101 43 - 43 71 - 68	<b>拉斯</b>	104 - 105 411 - 445 71 - 618

letch Gold mist Fran I-Mark, Tench Fra Tench Fra Tench Kre dan SSI ang tarm ans 6 %-1	Control passage Control passage Contro		91, 91, 91, 91, 91, 91, 91, 91, 91, 91,	95 - 91 95 - 74 10 - 94 124 - 1 95 - 95 97 - 95 25 - 25 25 per ci	2 723 91 91 91 91	- 95 - 95 - 95 - 95 - 95 - 95 - 95 - 95	95. 10. 12.1 96. 98. 98. 98. 98. 28.	91 95 95 91 91 26 cust; foor	98 - 95 84 - 95 98 - 95 10 - 95 24 - 95 95	9 9 121 9 3 -61, per i	5 - 95 5 - 95 6 - 95 7 - 95 8 - 95 8 - 95 8 - 95 8 - 95 9 - 95
		EXCHANGE CROSS RATES									
					_				_	_	
Des.Lik		\$	DMI	Yes	F Ft.	S Fr.	N FL	Lira	Cit	8 Fr.	lin
Desta	1	\$ 1.834	14	Yes	F Fr.	S Fr.	N FL.		2.114	56.70	LAM
Dev.Lik	1 0.545	<u> </u>	W	Yes	F Fr. 9770 8333	7.00	2.883 1.110				
S S DM	1	1.834		Yes Linus State 1000.	9778 8.333 8.683	\$ Fr.	N FL.			56.70	LAM

Yes per	1,000:	French	Fr. per	10: Lira	per 1,0	100: Bel	lglan Fr	per 20	C.		
_ Ees	0.711	4	1110	1	MIT.		6.00	1540	1.30	41.72	_1
				400.9							
**	0,473	N AAA	1.352	111.3	6.640	Sec.	1,525	1025	1	27.77	1,044
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N Fl.	0.310	400	100	73.01	A 101	1000	I	DAM.	1,470	18,21	100
				10.00							
₽Fr.	1.00	1.00	Acres	Mark A	116	5.300	ATM	100	100	110	1431
110	4,250	7,794	12.15	1000.	11.0	18.77	13.70	1111	1	100	
				11.7							

INANCIAL FUTURE	S AMD OPTIONS	-
FFE LO WILT FUTURES OF THIRS	CHFFE US TREASURY SOME FUTURES OFTENS SLOGGER 6486 # 108%	LIFFE BURN FUTUR DM258,000 pelais of
Puts-settlements 193 3-36 4-102 0-12 0-58 94 2-45 3-20 0-21 0-56 95 1-61 2-41 0-61 1-41 0-55 1-31 2-10 0-54 11 2-60 3-29 97 12 2-60 3-29 100 0-11 0-42 3-51 4-14 4)market wolume tokal, Calis 1141 Puts 487 evicus day's open int, Calis 20607 Puts 16010	Strike Calif-restinancia Price Mar Jun 198 3-43 3-40 0-27 1-28 1-29 1-20 1-20 1-20 1-20 1-20 1-20 1-20 1-20	Surite Calls-sett Prior Mar 1,90 Bio 1,48 Bid 1,48 Bid 0 0.75 Bid 0 0.75 Bid 0 0.75 Bid 0 0.74 Bid
FFE EUROMARK OPTORES Uns mich of 100%	LIFFE TIALIAN GOVT. SOME LETTY FUTURES OPTIONS Lim 200g 100th; of 180%	LOFFE SHORT STEEL ESIO,010 points of 1
Strike Calls-settlements Pois-settlements Price Mar Jun Mar Jun Strike Calls Strike	Sribe Calls-settlements Pats-settlements Price (Mar Jun Mar Ju	Strifts Calls-acti Price Calls-acti 8903 0.62 8903 0.28 8925 0.28 8975 0.15 9000 0.10 9025 0.05 9025 0.05 Estimated volume tot Previous day's open is
ONDON (LIFFE)  -YEAR 9% NOTEINAL SELT *  -R.000 Stock of 180%	U.S. TREASURY ROMES (COT) 8% S184,000 32mis of 180%	JAPANESE YER THEN
1,000 Scient of 1897s Chew Prec, 15052 High Line Prec, 15052 High	Latest High Low Pres. 102-02 102-05 101-25 101-27 101-05 101-08 100-28 100-10 100-07 99-31 11 100-08 100-10 100-10 100-08 100-10 100-10	Mar 0.77% Jan Sep Dec
Close High Law Pres. or 101-07 101-10 Umated volume 623 (510) erlans day's open led, 3245 (3167)	100   17-15	Mar Jun Sup
# INSTABLEA CEREMAN COVT. BORD * 1256,069 1800ts of 100**  Close High Low Pres. 17.25 86.85 86.98  17.73 86.85 86.98  Umated volume 51987 (27308)  Whole Service Service on Int. 89974 (23722)	Mar 96.07 96.09 96.04 96.03 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	TIRREE-MANUTRI SURRAL Size points of 100% Lates Mar 95.60 Jun 95.47
MOTTOWAL LONG TERM JAPANESE GOVT.		× 94,75



-	a.roas		_				
PHIT ABELPH (31,250 Cox	IA SE E/S ( IS Per (3))	PERMIT					
1.725 1.750 1.711 1.800 1.825 1.825 1.875 Previous day's	10.45 5.73 1.60 1.12 0.51 1 open int: Ca	Call Fig. 10.46 8.17 4.42 3.04 1.29 alls 245.100 0s 5,120 F	10.66 6.41 4.17 3.47 2.51 1.74	Jon 10.78 8.77 7.12 4.69 3.50 2.70 903 UAI carrest	0.05 0.05 1.04 2.06 1.41	Pers. Feb. 1911 1.71 2.90 3.02 5.39 7.38	111 236 6.63 8.33
IN 18 YEAR	Tool Milit	enti rico	rsi Mus (i	LATER SHIT	9999		-
10 24 1050	26 10 1001			karra		Inn	-
December March June Estimated vol	106.1 107.1 107.1 108.139,13	en Sett p 90 106 20 107 22 108 8 Total Open	.90 .26	-0.06	108,00	106.54 106.88 107.70	8.7

		March Jac Jac Jack Holes	107.20 107.92 mg 139,138 Tox	107.26 108.04 rad Open Interes	+0.04 4 131,948	108.00	
		6 to 18 YEAR	IBYL ITALIAN			(III) PETUR	
95.22			100	Sett price 86.70	-0.10	An-	
74 0823 87611		Murch Estimated white	ne 142 Total Q	per jelanet å,	329		
97911		THREE-MONTH	PIDOR FUTUR	ES (NATIF) (J	er's interior	t offgred rate)	
1	- 8	March June	90.48 90.80	90.27 90.63	-0.23 -0.19	90.48 90.81	
	90.65 91.00	CAC-A) PUTTER			47,210		_
91.14 91.31 91.52	91.25 91.36 91.56	December James y February March	1710.0 1720.0 1734.0	1692.0 1705.0 1719.0	-27.5 -27.5 -27.5	1710.0 1722.6 1734.0 1747.5	
54781)		March Estimated volume	1747.5 in 25,491 Total	1732.5	24,618 24,618	1347.5	
		ECO COMO CAA	TIP)		.540		

		1%		
Mar Jun Sep Doc	Gom 89.98 90.76 90.76 90.87	High 90.11 90.49 90.79 90.87	89.88 90.34 90.75 90.85	90.50 90.77
Estimate Previous d	ili, 2 obsu je Aprili 103	7 (291) L 4221 (4.	1169	
THEE IN		7	HANC:	
Mar Jun Sep Doc	92.39 92.35 92.45 92.45	92.47 92.66 92.71	92.02 92.57 92.54 92.54	92.48 92.65 92.76
	volume ell? n's open lei	7 (30)/9 1. 19428 (	180557	

volume 6259 C8140 tay's open lat. 14884

FT-SE 198 INDEX ** 625 per fall index point	
Dec 2380.0	2424.0 2424.0
Jun 2467,0 2487,0	2489.
FT-SE TENEDUCE 100 DODG	-
10050 per fall fedge point Clase High Low	Prev
Doc Mar 1079.0 Estimated volume 0 000	1060.0
Province day's open int. 277 (277)	
" Contracts tradet en AFT. Closing prices sh	OWIL.

POUND - DOLLAR 1-och. 3-och. 6-och. 12-och. 18237 18049 17788 17330

FT LONDON INTERBANK FIXING

The fixing raies are the arithmetic means rounded to the obarest one-statement, of the bid and offered raies for S10m quoted to the market by five reference basks at 11.00 a.m. such working day. The basks are Radjonal Westpulscher Bank, Bank of Yokpy, Destate Bank, Baspul Mathoust de Paris and Borgon Gearangy Trust.

MONEY RATES

Two Months

9.30-9.50 9뜮-9댅

114

4.85 7 6% 10% 10%

Treasury Bills (sell); one-month 10.2 per cent, three months 10 per cent; six months 9½ per cent; Bank Bills (sell); one-month 10.2 per cent; three months 10.3 per cent; Treasury Bills; Average textiler rate of discount 9.9803 p.c. ECO Fixed Rate Starling Export Fixance. Make up day November 29, 1991. Agreed rates for period Dec. 25, 1991 to January 25, 1992, Scienne II. 174 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1,1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' soutce cythers seven days' factle finance Houses Base Rate 11 from December 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent, Certificates of Tax Deposit Ciertes 6): Deposit E100,000 and over held under one month 7 per cent, one-three months 9 per cent; three-six ponths 9 per cent, six-sing months 9 per cent, three-six ponths 9 per cent, six-sing months 9 per cent, three-six ponths 9 per cent, six-sing months 9 per cent, Under £100,000 7 per cent, from Sept 5,1991, Deposits withdrawn for cash 5 per cent.

LONDON MONEY RATES

114

11

114

10.5

Treasury Bills and Bonds

9.30-9.50 94-94 8.84 9.56-9.66 62-63 122-13 94-94 104-104

Six Months

930-950 91-91

101/2 101/2 101/2 101/2 101/4 4.55 61/2 101/2

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**NEW YORK** 

Lunchtime

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Middaed Bank 10.5
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BASE LENDING RATES

SUBORDINATED FLOATING RATE DEPOSITARY RECEIPTS DUE Notice is hereby given that, in accordance with the provisions of Floating Hand Depositary Receipts, IIII of interest for the six months period from December 19, IIIII III

19, 1992 (183 days) had been fixed at I I work per annum.

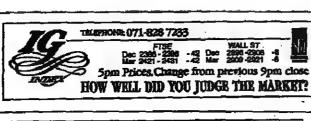
**BANCO DI NAPOLI** 

US # 100,000,000

The image payable on 1 19, 1992 will in 11 \$249.72 in respect of each UTI \$ 41 max and US\$2,497.19 in respect of mach 1958 Hours House

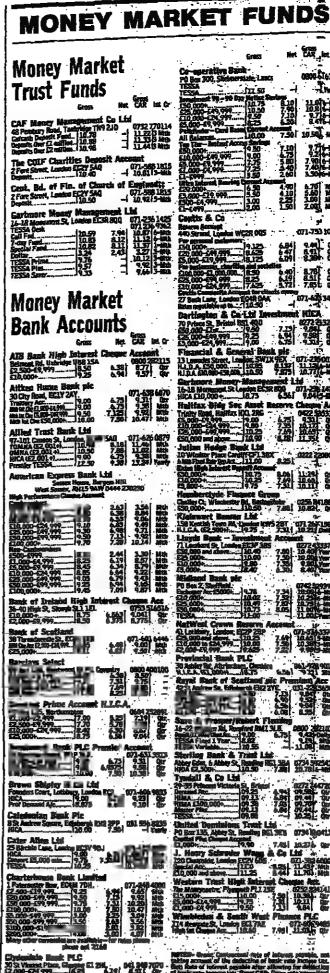
BANQUE INTERNATIONALE A LUXEMBOURG Anonyme

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**CROSSWORD** 

No.7,729 Set by HIGHLANDER

ACROSS 1 Goodman takes on jeweilery chain (6)

4 One for each sex provided it's taken before meal (8) 3 Statement about drunk run in (6) 10 Work on rural life satisfied

the examiners in viva, they say (8)

12 Starts to grow up in limbo; perhaps help is needed (8)

13 Soup tureen with silver key

(5)
15 Time of month when primitive instincts take different directions (4) 16 Put ban on bird called

Jemmy (7) 20 What runs over and around housing? A porch (7)
21 Rock party supporter dropped out of convenience

(4).
25 Raised by charity to be snobbish (6)
26 Is to bring down to earth of Tonga perhaps (8)
28 Harrows tie has class (8)
29 Carticles a methage by

29 Criticise a mother's hat (6) 30 Delightful meadows bordered by pine (8)
31 Hard part is getting the point (6)

DOWN

 Women's quarters are so large I run amok (8)
 Went to find a couple in the grass (8) 3 Standard one relates to

The state of the s

5 Perform on plano; song to follow (4) 6 Helping a beginner is sensi-This stuff is black and

brown (6) 8 Dropped everybody in the 11 Sounds like a savage incr

ease (7) 14 Foreign edition in de finns cover (7)

17 Face plays an important part (8)

18 Pass the cheese round - 17:43 produced without mentionical aids (8)

19 For example expose motoring group over delivered(8) cover (7)

ing group over delivery (8)
22 Stop to lift dress down (22)
23 An irregular, one hears, but brave (6) brave (6)
24 Leave on holiday at begin-

ning of Easter (6) 27 First safety-catch cocked gun (4)
Solution to Puzzle No.7,728

OFFICEY CASTERCY
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CROSSWORD

Editor Deposits

#### **WORLD STOCK MARKETS**

	AUSTRIA December 19 Sch + er =	FRANCE (continue)	CERNANY (mailme)	THETHERLANDS	SWEDEN (continued)	
4	Austrian Airlines 2,280 -50 Creditanstalt Pf 420r -2 EA General	Describer 19   Frs. + tr =	December 19   Dro.   + ar =     Continents AG 216.50 -6   DLW	December 19   Fis. + or -     ABI lare Holding	Occupier 19 Krener, + or - Gambro 8 Free 252 inconsive 8 Free 130 -4 lie 0to the 8 Free 175 +5	Talles Stock High Low Close Chag
	EVN	CGIP	Degusia	Aheld	Protordia 8 Fine 195 -1 Santrikes 8 Fine 342 -1	TORONTO 3:00 pm prices December 19
	Redex Heraldith 433 -15 Relainghaus Brise 1,600 Storr Daimter 238 Veltsche Magnest 292 -14 Verband (Br) A 497 -2	Cap Gernial S	Didler-Werkz 143 Douglas Hildy 664.50 -2.50 Dragenwerk 294 -1	Balt Carter Day Res	Skandia Free 165 -6 Skan Endalda C 49 SKF 8 Free 88 -0.50 Stare Kapp B 230 -11	Opstenane in cents unless marked \$
2 1	Verband (8r) A 497 -2 Whenerberger 4,360 -15 Z-Laenderbank 1,005 -5	Cetelen	Dreidner Bk	DAF	SCA B Free	33500 Ageloce 440 450 455 15866 Air Cás 57 6% 6%1, 4500 Abreta En 5121, 121, 121, 121, 1500 Abreta En 5121, 131, 131, 131, 15140 Airm Ai 5211, 207, 21 -1, 145300 Am Sarr 5231, 231, 231, 141,
•	BELGIUMA UXEMBOURG	CCF 158.80 -0.20 Cr Fonc France 903 +2	Hamburg Elekt 190 -5   Haptig Lloyd 515   Heldeb Zem 860 -2	Gig Rec Deallers 30.80 -0.30	Volte 8 Free 315 -10	19140) Alcam At \$21 20 21 -14 14590) Am Sant \$29 20 20 3 +5 16320) Am Ol T a \$12 11 4 12
.,	December 19 Frs. + or ~  ACEC-Union Min 2,120 -50  AG Group	Gred Lyon (CD475_506_50 Gredit Nationale91514 Dantart222941 Docts de France3491	Hested Prf	Hoffer Better 198.50 +4 Rasporas Des Res 45.20 -1.10	SWITZERLAND	
	Arbed	Dollfis Mieg Ciq 262_10 0.90 EBF 740 +1 Ezux Cie Feel 1 993 27	Hoesch	INC California	December 19   Frs. + ar -	25800 BA Month 1 \$42 \ 42 \ 42 \ 101000 Bt tom \$42 \$20 \ 20 \ 30 \ 30 \ 30 \ 30 \ 30 \ 30 \
	Baren	Elf-Aquitaine 388 -3 Elf-Aquitaine Corts . 245 -6.50	Industria Werier 274 42 50 Kali & Salz	K1M 39.20 +0.90 KNP 44.70 -0.16 Knlp Paidned Delits 41 -0.10 Kermoen 9.10	Albertan Din Pag 72 1 68	2800 BC Super A \$13 <sup>3</sup> 2 d13 <sup>3</sup> 6 13 <sup>3</sup> 5 -46 165700 BCE Inc x \$46 <sup>1</sup> 2 48 <sup>1</sup> 6 46 <sup>1</sup> 6 -16 55800 Bebrional 12 <sup>1</sup> 2 11 12 <sup>1</sup> 2
	Cobepa AFV 1 4,610 -10	Ensilor (pt	Kaeftof	Nedilloyd	CS Hidgs (Br) 1,690 -20 Clas Geley (Br) 3,070 -20	35000 Behannal 12½ 11 12½ 5000 BGR A 37½ 7½ 7½ 1½ 12 24700 BGR bider8 25½ 25½ 25½ 1½ 14 24800 BGR Canada 512½ 12½ 12½ 1½ 1400 BR Canada 512½ 12½ 12½ 1½ 12 12 12 12 12 157500 Brannals 435 4415 425 13100 Brancan A 516½ 15½ 15½ 15½ 1½ 12 25000 Brancan A 516½ 15½ 15½ 15½ 1½ 1½ 14½ 1500 Brancan A 516½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15
	Delhalze Frs Llon 7,900 -80 -80 -80 -80 -80 -80 -80 -80 -80 -	Finestel 114.20 -5.70 Fonc Lyonnaise 650 -10	Leifheit	Phillips	Elektrowatt 2,500 -50 Elvia 1.835 45	75700 Brancan A \$16 <sup>1</sup> 2 16 <sup>3</sup> 6 15 <sup>1</sup> 2 + <sup>1</sup> 5 13100 Brancan A \$16 <sup>1</sup> 2 16 <sup>3</sup> 6 15 <sup>1</sup> 2 + <sup>1</sup> 5 20500 Brancon A \$16 2 16 3 16 16 17
	GBL AFV1	Gairmont Coc 10 614 -9	Lefthanta n/v Prf	Rodamce53.20 -0.90 Rolleco92.50 -0.70	Fischer (Geo) 890 +10 Fischer Ptg 146 -1 Forbo 1,920 +10 Holserbk (Br) 4,060 +20 Holsestoff (Br) 4,500	24400 SC Tel x 0522 \( 22\) 22\( 4\) 4000 Bruson x \$18\) 18\( 18\) 18\( 18\) 4\( 18\) 500 Bruson k 36\( 36\) 66\( 26\) 6\( 26\) -3\( 36\)
	Globert	Geophysique	Mannetonam	Royal Dutch 142.60 -1.40 Utiliner Oct Ress 172 -1.40	Heizstoff (Br) 4,500	
	Senerale Banque	mm de France 790 -5 inamobanque 700 -20 immob Phenix 136.40 -3 50	PWA	VMF Stork 40.40 -0.80 Wesseen Des Opes 77.80 -0.50 Wellers 10 Des Des 59.50 -0.10	Landic & E Prior Ptg 80 -2 Les Hold (Br) 1,715	41700 CAE Ind x 36% 6% 8% -% 105400 Cambridge 519% 419% 19% 4%
. 6.	Petrorma 10,475 425	Intertechnique 445	Preussa 309.50 -0.20 Rheintlektra 1330 +10	MORWAY December 19 Krauge + up	Motor-Columbus 1,160 +10	4900 C Dell Has 46 48 48
	Regule Belge 3,850 +10 Soc Gen Belge 1,800 +20	Legrand	Rhein West El 378,90 ~0.90	Alter A Free	Oer-Suerhie (Sr) 247 Pargesa Hid 1,020ar -30 Pirelli	85200 Conlinglik x 252 31% 31% -1% -1% 25400 Conlinglik x 252 31% 31% -1% -1% 25400 Conlinglik x 252 25% -2% 25% -2% 25% -2% 25% -2% 25% -2% 25% 25% -2% 25% 25% 25% 25% 25% 25% 25% 25% 25% 2
	Soc Gen Beige	1 Strong Frank Commer 454.80 +0.70	Rosenthal	luthand by: A Fire 257 -1	Roche (Br)	1 1900 Carrierius 22 22 22
	Tessenderio AFV 5,380 at Tractebel	Michelin B	Sad Chemie	Norsk Data A 450 +0.50	Sandor Br	23500 Canfor x S211x 211x 211x +1x 3500 Cane on S221x 221x 221x -1x 12600 Can Op x 500 d500 500 2200 Cancades 55% 55x 55x -1x 500 d600 500 500 500 500 600 500 500 600 500 600 6
	UCB AFV 18,050m+25 Wagors Lits 8,640 +220 Wagors Lits 8,660	Orsan 190 -10 Parlias 289 -6 Parls Resconsets 234 -3.50 Perned Ricard 1187 -3 Retrier 1304 +26	Verein-West 350	Basic Stay A Free 84 -1 Orkita Free	Stiza Reg A 600	3600 Catri Cap 25 35 35 -5 24500 Casp. Oda 250 254 234 -6 1800 Catri Fa A 450 450 450 +5
	10.900   2	Perrier   1304 +36   Perrier   585   -150   Perrier   261.50   -1.50   Perrier   400.10   -1.90	Viag 359 20 -1 Volkswages 296.10 -5.90 Volkswages Prf 262 -4.50 Wella Prf 528 +4 Zanders Feispap 254	Stategen (1 M)	Series Bank Ptg 243 -6	8800 Cominto x 820 1979 30 5500 Copusalog 76 76 78 -1
	Bilcohen 293	Radiotecha		Vard A	Union Bank or 3,330 →40	
11	Cartsberg A	Rouse-Federa Cts 478 -5.90 Rouse-Uclaf 1.603 +1 SILIC 549		SPADN Recember 19 Phs. + or - Alba (Corp Fin) 4.050 -50	Winterthur	NEW YORK DOW JONES Dec Dec Dec
	East Astatic 165	Saint Gobeln 410.60 -6.40 Saint Losis 1111 -20 Sacoft 960 -13 Schneider 554 -16	Describer 19 Line + er - Banca Comer	Aragonesas		18 17 16 Hinterisk 2908.09 2902.28 2919.05 25
	ISS Int. Serv B 761 +5 Jyske Bank Reg 336 -1	Set SA	Banco Lariano 4,790 -30 Baslogi-I R B S 146 -0.75	Banco Exterior 3 410 -25 Banco Histago 3 010 -5	SOUTH AFRICA  December 19 Rend + or -  ARSA 10.20m +0.16	Hera Souts 97 92 98.80 97.90 9 Transport 1208.52 1206.46 1220.48 12
	More Nord B 320 42 Stephus Berend B 1,660 -10	Sick Ressigned	Burgo (Cartiers) 8,050 -160 CIR 1,640 -78 Caffaro Spa 646 -28	Banco Popular 10,000 -50 Banco Saniander 3,780 -115 Bancoto 2,705 -60 CEPSA 2,295 -5 Cartoros Metal 3,350s -190	AECI 9 Allied Tech 89 Atmin Am Cool 325	Utilities 214.36 214.20 215.07 2
	Sapertos 5,240 Top Danmark 564 +5 Unideamerk A 209 -1		Benetitor	Dragados	Angle Am Corp 125.50±-0.50 Angle Am Gold 220 Anglestal N 71.50 Barlow Rand 49.25 -0.75	STANDARD AND POOR'S
	FINELAND December 19 Miles + er -	Thomson CS F 145 -1.90 Total 8 949 -11 UAP 443 -17 UFB Locabell 220 -14.20 Uolball 570 +9 Uolbal Immob Fr 445 -25	Danieli & C	Electric 27050 +25	Buttels 34.50 CNA Gatlo 25.75 De Sear/Centenary 89 -0.50 Decironal Gold 6.70	Composite: 383.46 392.74 394.46 3 Industrials 452.96 451.95 453.55 4
	Amer	Union immob Fr 445 —26 Valles	Fids 4,572 -105	Gropo Daro Feig 99070 Hidroel Caetabr 1,780 +5 therdraid	Drietometa	Financial 30.34 30.42 30.71 3  NYSE Composite 211.44 211.21 212.08 2
	Kop 8 Free 390 -0.40		General Assister 27,200 -420	Mapfre 4,100 +80 Metroraces 3,855 +5 Portland Vald 10,490 -60 Repeti 2,395 -75 SNIACE 150	First Nat Bank \$3.50 +0.25 FreState Com Rold 27.25 -0.25 General 27.25 -0.25 Gold Fields SA 78	MYSE Composite 211.44 211.21 212.08 2  Amer. Min. Value 368 72 369.81 370.45 3
	Netra B Free 49 Nokia Pref Free 46 -2 Pohlola 8 Free 48.50 -1.50	DECEMBER 19 Day + ar - AES	12 120 -380	Sarrio 736 -14	Hartebeest	NASDAQ Composius 539.84 539.70 543.73 5
,,	Repola (Free) 25 Socionzan 8 110 47 Tampelis Free 11 Voltas Bt C Free 13	AG lad & Vert 620 -15 Audien Mei Gley) 835 +13 Allianz AC 2 093 -11	Lloyd Adriatico 12,300 -100 Magneti Mareili 706 -44 Mediokanca 13,190 -405	Serina dec 5/0 - 130 Talacators 4 5.450 - 130 Telefonica 1,195 - 30 Tolor 680 - 19 Union Fetom 535 + 2 Union yel Fetix 3,910 - 70 Uraffta 856 - 7	Liberty Life SA 37	Dow Industrial Div. Yield 3.14  Doe: 11
-	FRANCE	Aluaa md	Montedison 1199 -26 Olivett 2440 -175 Pirelii & Co 4150 -20 Pirelii Spa 1,065 -18	Uralita	Malheld 32.25 Nedcor 15.90 O K Bazzars 10.50 Palabora Mag 76st	S & P indectrial div. pleid 3.22 S & P last. P/E racio 21,05
	December 19 Frs. + et -  ABF 434 -31  Accor 608 -17  Altr Liquide 648 +2	Bayer	RAS	SWEDEN	Rembrandt Grp	NEW YORK ACTIVE STOCKS Stocks Closing Change
	Accor 608 -17 Air Liquide 68 42 Alcatel Absthom 539 -7 Arjomari Priosis 2,358 -4 Agail Essrept 992 -8	Bayer Versinabk 975 -5 Belarster 800 -5 Berliner Back 200 -5 Berliner Kraft 120.20 -1.30	Saffa A 7,030 -70 Salpem 1629.50 -31.50 Sirti Spa 10,580 -120	December 19 Krengr. + or - AGA 8 Free 300 -5 Assa 8 Free 275 -9 Astro A Free 551 -6	Sejmerter & Reade 83.25 Sage Hids	Wednesday traded price on day  Resistre 2,734,400 144 + 5  Carne Ed 2,525,400 385 - 14
	80C	RUF Red " 197 -1 40	Sels 891) 1.026 -21			Gen Motors 2,397,500 274 - 4
	BSN	Billing Berg 850.50 +0.50 Colosia Kuzu 965 +45	STET 2006 -53 Toro Assigs 21,100 -450	Electroles 8 Free 213 -17	Tongast Helet 20.25 +0.25	Salechi 2.383,600 4 + A RJR Nabless 2.328,500 10 - 4
:-	BNP Cert in	Biffing Berg 560.50 40.50 Colonia Komm 965 45 Colonia Komm M 545 45 Commercianis 242.50 -1.30		Alias Copco B	Tiger OSS	Sanzhi 2,783,600 l. + f. R.R. Nakisco 2,326,900 10 - l. CRL tong 2,222,800 91 - l. USS-Maration 2,275,000 22 + l. Deta Woodside 2,053,700 25 1 - 71
	BNP Cart lev	December 19 Yes + # - Japan Radio	2006   -03	Electrolars B Free 213 -1.7 Esseite B Free 89 Esseite B Free 116  Becomier 19 Yen + er - Taipo Fishery 410 -15	Tiger Cores	Salezhi 2,383,600 la + fa R.JR Habisco 2,328,900 10 - la Clicorg 2,222,800 91a - la USS-Maratino 2,205,000 22 + la
	BNP Cert lev	December 19 Yes + # - Japan Radio	2006   -03	Electrolus B Free 213 -1.7 Existing B Free 29 Esteits B Free 216  Bessenier 19 Yea + er - Taijo Fishery 410 -15 Taizota Electric 891 -34 Taizota Electric 891 -30 Taixota Chem 1250 -30 Taixota Chem 1250 -30	Tiger Cores	Saincibl 2,383,600 ls + fi. RJR Rabbisto 2,326,500 lD + ii Cilicon 2,222,800 94 - ii USX-Marathus 2,225,000 22 + ii Deta Woodalde 2,363,700 15-ii Gilzon 1,946,000 30-ii - ii
	BNP Cert lev	December 19   Yes   + sr -	STET	Electrolus B Free 213 -1.7 Existing B Free 29 Esteits B Free 216  Bessenier 19 Yea + er - Taijo Fishery 410 -15 Taizota Electric 891 -34 Taizota Electric 891 -30 Taixota Chem 1250 -30 Taixota Chem 1250 -30	Tiger Carts   38   40.30	Sanctol   2.385,600   1
	BNP Cart lev	Declarate   19   Yes   + sr -	STET	Electrolus B Free 213 -17 Exission B Free 29 Esteits B Free 216  Bessenier 19 Yea + ex - Taijo Fishery 410 -15 Taizo Electric 891 -34 Talzania Electric 891 -30 Talzania Staco 765 -3 Talzaniangs 1560 -30 Talzaniangs 1560 -30 Talzaniangs 1560 -30 Talzaniangs 1560 -30 Talzania Chem 1250 -30 Talzania Chem 515 -34 Telichian Con 362 -19 Tobs Railway 850 -5 Total 638 -32	Tiger Carts   38   40.30	Sancth   2,353,600   1
	BBIP Cert lev	Declaration   242.50   -1.30	STET	Electrollar B Free 213 -17	Tiger USCS   38	Sanch  2.353,600 ls + ls   Rifk Rabber 2.358,500 ls + ls   Rifk Rabber 2.355,000 ls   Rifk Rabber 2
	BBIP Cert lev	December 19   Yes   + sr -	STET	Electrolars B Free	Tiger Uses	Sancth   2,353,600   1
	BBIP Cart lev	Declarate   19   Yea   + ar   - ar	STET	Electrolars B Free 213 -1.7 Exicason B Free 29 Esselts B Free 216  Becamier 19	Tiger Uses   38   40.30	Sanchi   2.353,600   1
	BNP Cart lev	Declarate   19   Yea   + ar   - ar	STET	Electrolars B Free 213 -1.7 Exicason B Free 29 Esselts B Free 216  Becamier 19	Tiger USES   38   40.30	Sanch  2.353,600   1
	BBIP Cart lev	Section   242.50   -1.30	STET	Electrolars B Free 213 -4.7 Excisions B Free 29 Esselte B Free 219 Esselte B Free 216  Becamber 19	Tiger Uses	Sanchi   2,353,600   1
	BNP   Cart lev   312   +2.16	Section   242.50   -1.30	December 19   Yes   + er   -	Electrolars B Free 213 -17	Tiger Uses	Sanchi 2.353,600 ls - is R.R.R. kalence 2.358,500 lb - is Chicory 2.258,500 lb - is Chicory 2.258,500 lb - is Chicory 2.258,500 gls - is USX-Marather 2.355,000 22 + is Delta Woodslet p. 63,700 154 - 74 Gibro 1.468,000 30 ls - is Woodslet p. 1,424,000 24 ls - is Woodslet p. 1,724,000 24 ls - is 10 minutes a Milmerals 2730.00 2589.56 272 Comparite 2332.52 3325.68 334 Milmerals 2730.00 2589.56 272 Comparite p. 1332.52 3325.68 334 Milmerals P. 1000 except NYSE Torronto Composite and Metals – 1,000. Torronto S.J. y Exclanding books Industrial, plus Utilitie Universal trable.  TOKYO – Most Thursday 19 Stocks Closing Change Traded Prices on day Traded Prices on day
	BBIP Cart lev	Declaration   242.50   -1.30	December 19   Yes   + er   -	Electrolars B Free 213 -17	Tiger Uses   38   40.30   10   10   10   10   10   10   10	Sanchi   2.353,600   1
	BBIP Cart lev	Section   242.50   -1.30	Determiner 19	Electrolars B Free 213 -1.7	Tiger Uses	Sanchi   2.353,600   1
	BBIP Cart lev	Section   242.50   -1.30	Determiner 19	Electrolars B Free 213 -17	Tiger Uses   38   40.30	Sanchi   2.353,600   1
	BBIP Cart lev	Section   242.50   -1.30	Determiner 19	Electrolars B Free 213 -17	Tiger USES   38   40.30	Sanchi   2.353,600   1
the state of the s	BNP   Cart   Inv   312	Description	Determiner 19	Electrolars B Free 213 -4.7 Exicason B Free 29 Esselte B Free 29 Esselte B Free 216  Becamber 19	Tiger Uses	Sanchi   2.353,600   1
the state of the s	BNP   Cart   Inv   312	December 19	STET   2006   23   25   25   25   25   25   25   25	Electrolars B Free 213 -4.7	Tiger Uses   38	Sanchi   2.353,600   1
the state of the s	BNP   Cart   Inv   312	Section   19   Year   19   Y	December 19	Electrolars B Free 213 -4.7 Excissors B Free 29 Esseite B Free 219 Esseite B Free 210 -1.5 Talzoro Electric 251 -34 Talzoro Electric 251 -34 Talzoro Electric 251 -34 Talzoro Electric 250 -30 Toloro Electric 3100 -30 Toloro Electric 320 -30 Toloro Electric 2270 -	Tiger Uses	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
the state of the s	BRIP Cart lev	Section   19   Year   19   Y	Describer 19	Electrolars B Free 213 -17	Tiger Uses	Sanchi   2.353,600   1
the state of the s	BAP   Cart lev	Section   19   Year   19   Y	STET   2006   23   200   25   25   25   25   25   25   2	Electrolars B Free	Tiger Uses   38   40.30   50.25   50	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
the state of the s	BAP   Cart lev	Section   19   Year   19   Y	STET   2006   23   200   25   25   25   25   25   25   2	Electrolars B Free	Tiger Uses   38   40.30   50.25   50	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cart lev   312	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses   38   40.30   50.25   50	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cart lev	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
the state of the s	BNP   Cart   Inv   BNP   Cart   Inv   Add	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cart   Inv   BNP   Cart   Inv   Add	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cart   Inv   BNP   Cart   Inv   Add	Section   19   Year   19   Y	Describer 19	Electrolars B Free	Tiger Uses   38   40.30   70.25   70	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cart lev   312	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cirt   Inv   312	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses   38	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cirt   Inv   312	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,000 lb + fa
	BAP Cart law   312	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,600 ls + is RJR Rishten 2,325,900 lb + is RJR Rishten 2,325,900 lb + is Chicory 2,222,800 91s - is Delta Woodside 2,537,000 15-is - 71s Gibro 1,948,000 30 s - is Woodside 1,948,000 30 s - is Woodside 1,948,000 24 s - is Woodside 1,724,000 24 s - is Woodside 1,724,
	BNP   Cirt   Inv   312	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger USES   38	Sanchi 2,355,000 lb + fa
	BAP Cart law   312   42.10	Section   19   Year   19   Year   19   19   19   19   19   19   19   1	December 19	Electrolars B Free	Tiger Uses	Sanchi 2,355,000 lb + fa
	BAP   Cart   Inv   Bar   462   42	Section   19   Year   19   Y	December 19	Electrolars B Free	Tiger Uses	Sainth R.P. Habiter 2,355,000 10 4 4 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	BNP   Cart   Inv   B12	Section   19   Year   19   Y	STET	Electrolars B Free	Tiger Uses	Sanchi 2,355,000 lb + fa

| 2100 | Silawitim A | 5125 | 121 | 121 | 121 | 121 | 122 | 122 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 3000 Dynlaon A 21 1400 Dyntan S51<sub>6</sub> 45100 Dollaon X 151<sub>4</sub> 59000 Dollaon X 151<sub>6</sub> 8300 Dyntar Inc 800 B Part A 2 540 91200 Dyndelloch 330 \$14\frac{14\frac{1}{2}}{40} 450 455 \$7 6\frac{1}{2} 6\fr -1 48800 Not B\ Lan \$11\frac{1}{9}\$
3800 Norms ind A \$\frac{5}{2}\frac{5}{4}\$
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NASDAQ NATIONAL MARKET 3:00 pm prices December 19

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# **US** equities show resilience in face of bad news

#### **Wall Street**

ALTHOUGH US share prices fell yesterday morning, they showed remarkable resilience in the face of more had unemployment news, another big overnight fall in Tokyo equities, and a dollar weakened by a rise in German interest rates, writes Patrick Harverson in

By 12.30 pm the Dow Jones Industrial Average was down 4.24 at 2.903.85, having recov-ered from an early double-digit loss. The more broadly based Standard & Poor's 500 was also slightly easier at midsession,

#### NYSE volume

#### Daily (million)

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down 1.09 at 382.39. The Nasdaq composite of over-the-counter stocks ran into heavy selling, and fell 3.99 to 535.85. Volume on the NYSE was 98m

A near-3 per cent fall in Tokyo overnight and news of a 79,000 increase in the number of people claiming state unemployment insurance in the first week of December set the stage for a downbeat opening to New York trading. The dollar's decline - triggered by the Ger-man interest rate rise - was also unfavourable for equity market sentiment, because a weak dollar reduces the value of US exporters' overseas earnings (although it makes goods more competitive abroad) The fact that stocks held

their own suggested that hopes of an interest rate cut in the US remained high. Mr Alan

#### Greenspan, chairman of the Federal Reserve, publicly expressed his concern about the economy on Wednesday. and analysts expected an easing of monetary policy in the

next few days.

Among individual stocks,
General Motors fell \$% to \$27% as the market digested the details of its massive restructuring, announced midweek. Of its competitors, Ford eased \$% to \$24% and Chrysler held steady at \$10.

Boeing rose \$% to \$42% on news of more jet orders worth about \$3.1bn. USAir fell \$% to \$10% after it agreed in principle to take over the running of the east coast Trump shuttle airline service, with the option of buying it outright after five years. AMR, the parent of American Airlines, which pul-led out of talks with Trump,

slid \$% to \$52%.

Amdahl, the computer group, fell \$% to \$12% on the American Stock Exchange, after warning that it would report a loss in the fourth quarter, compared with a profit of 55 cents a share earned at the same stage in 1990.

One of the biggest gains of the day was by Advanced Micro, which jumped \$1% to \$16% after the company said late on Wednesday that unexpectedly strong demand for its computer chips would push fourth quarter sales well above the \$325m forecast by analysts.

TORONTO EASED at the opening, pushed down by weakness in offshore equity markets, higher German interest rates and a larger-than-expected jump in weekly US jobless claims. The composite index was off 7.6 at 3,325.1 in volume of 3.91m shares. Declines led advances by 154

to 83, with 228 unchanged. Analysts sald that tax loss sell-ing also contributed to the weakness. Among active indus-trials, Shaw Cable was flat at C\$15 and inco was off C\$% at C\$32%. In mines and oils Encor fell 5 cents to 25 cents and Curragh Resources was 35

# Series of stumbling blocks gives Japan a bad year Share scandals and Soviet instability have helped to trip up equities in 1991, writes Emiko Terazono

HERE HAVE been just investors' selling whenever the too many stumbling market reached higher levels. too many stumbling blocks for the Japanese For the first 11 months, foreign stock market this year. investors were net buyers to

laments a fund manager at the tune of Y5,508.9bn (\$43bn), Dai-Ichi Mutual Life Insurance. while investment trusts sold a We didn't expect the slump net Y1,407.3bn, and companies would continue this long." Fate has been unkind to the The market's structural Japanese equity market. Reve-

problems remain unresolved. lations of stock scandals, together with a decline in busi-The authorities are still in debate over a regulatory ness confidence and instability watchdog, and a row over derein the Soviet Union, hit a margulation of commissions conket already crippled by the tinues. Brokerage officials sharp falls of 1990. have resigned and the Big Four The market's failure to securities houses - Nomura, recover has shocked the once Daiwa, Nikko and Yamaichi bullish traders and fund man-agers, most of whom entered have apologised through newspaper advertisements; but many investors remain unconthe business when prices were

> In October, a surge in Meiji Milk Products' stock seemed to prove that old habits die hard. A report that Meiji Milk had discovered an anti-Aids substance sent the stock price

Some foreigners raised an eyebrow at the timing of the news release. The exercise period for the company's bond with warrants expires at the end of December. "Melji Milk would have had to horrow funds if the warrants were not exercised." said an official at a

Indices and share price (rebased) Meliji Milik Products Share prosh

UK brokerage. The company The recent new listing by Sony Music Entertainment, the music software arm of the electronics group, was also a target of criticism by investors.

The company raised Y120bn, the largest amount raised by a private company through a public offering. But Sony chose its time badly and then, promptly, lost the Rolling Stones as recording artists; the issue plunged on the first day of trading, leaving holders of the issue with large losses. Analysts blame the Sony deba-

cle for flooding the market with new paper and exacerbat-ing the market slump, making new listings for other smaller companies impossible.

Meanwhile, in contrast to

JASOND

the sluggishness in the cash market, trading in the stock futures market has boomed Turnover in the Nikkei 225 futures contracts totalled Y499,400bn for the first 11 months of the year, five times that of the cash stock market. Arbitrage trading between the cash and futures market has increased to record highs, and authorities have become created by futures trading is turning investors away from stock investments.

The Tokyo and Osaka stock exchanges, by raising margin deposits, tightened restrictions this week for the third time this year, in order to curb futures activity and revive the cash market. Yet traders contend that raising the price for futures transactions will not tempt investors back into the cash markets.

The imbalance between supply and demand of equity is expected to continue. On the ply side, investment trusts and corporations still carry equity holdings with lesses, an overhang of potential supply from equity-linked bonds is expected to arise, and the gov-ernment expects to sell off holdings of Jepan Railway and

On the demand side, many doubt that foreigners will be able to match this year's heavy ers are becoming disenchanted with the market, and do not like to be the only ones buying " explains one analyst.

Mr Shiomichi Kawamoto at

increasingly nervous that the research arm of Nikko Securivolatility in cash share prices ties, says that the key to a recovery will be the resumption of buying by individual investors. Individuals were net sellers of Y2,411.7bn during the

January November period.
Companies, badly bruised by
their equify investments, are
now suffering from lower profits and have little scope for financial investments. Life insurers are also remaining sidelined Mr Otsuka at Sumitomo Life says that the indus.

try could not buy into stocks ahead of the closing of their books in March. For the full year, there is: still a two-way market in pre-dictions. With the absence of buying by individuals, Mr Kawamoto sees the upward limit for the Nikkei average which closed yesterday at 21,991.19 - at 34,000, with the index possibly falling below 20,000 early in the year.
However, Ms Kathy Massur power-shall offered by

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strategist at Barclays de Zoete Wedd, is more optimistic. "After the first quarter," size says, "domestic demand will recover." She predicts that although the Nikkei average may fall to 21,000 at the beginning of the year, the index could then rise to 28,000.

booming. Japanese equities are

now about to enter their third

year of weakness, in their lon-

The slowdown in the econ-omy and decreasing inflation-ary pressures have led to lower

interest rates, but this has

failed to prompt domestic buy-ing of shares. "The supply and demand situation is so bad that

it's no use buying equity," says Mr Osamu Otsuka, an official

at the security investment divi-

Active buying by foreigners was balanced by domestic

sion of Sumitomo Life.

gest post-war correction.

# Nikkei drops back below 22,000 as futures prices fall

ARBITRAGE AND optionslinked selling sickened the equity market yesterday. For-eign selling of high-profile blue chips was also reported as the Nikkei average lost 2.8 per cent, falling below 22,000 for the first time in five trading days, torites Emiko Terazono in Tokyo.
The Nikkei closed down

638.71 at 21,991.19, after open-ing at 22,551.94, the day's high. The low was 21.973.88 and volume was thin at 200m shares. Declines led advances by 926 to 81 with 103 unchanged. The Topix index of all first section stocks fell 35.75 to 1,688.26 and, in London, the ISE/Nikkei 50 index eased 1.69 to 1,242.19. Futures prices prices fell sharply in the morning. Trad-ers said that this week's tight-

The increase itself is not large, but it reflects the stock exchanges' determination to duce speculative trading in the futures market." said a trader at a leading US broker. Most investors remained inactive as traders with put options tried to push the index down. Options contracts can be executed each Thursday. All 36 market sectors posted

declines. High-technology blue chips moved lower on earnings concerns. Hitachi lost Y15 to Y890 and Sony Y140 to Y4,050 while Sony Music Entertainment, its music software sub-sidiary, fell Y110 to Y4,920. Nippon Steel fell Y6 to Y351 and Kobe Steel lost Y9 to Y415.

Steel issues have been weak recently on a poor earnings forecast for the industry by Nomura Research Institute the research arm of the Japa-nese brokerage. The institute

profits for the six major steelmakers will plunge 42 per cent in the fiscal year 1991, and 62 per cent in 1992. Mitsubishi Bank fell Y40 to

Y2,460 and the Bank of Tokyo lost Y60 to Y1,430, after rising on Wednesday on rumours of a merger. Other banking stocks were also sluggish, with Indus-trial Bank of Japan down Y70 at Y3,100 and Fuji Bank losing Y80 to Y2,380. Ohbayashi Road Construc

tion was one of the few bright spots of the day, rising Y70 to Y2.220. Road companies are the major beneficiaries of the con-Y10,000hn spending for road building this fiscal year.

In Osaka, the OSE average

fell 474.18 to 23,878.86 in volume of 60m shares. Chugai Ro, a steel mill furnace maker, fell Y30 to Y835, pulled down by weak steel issues. The com-

pany expects brisk sales to support pre-tax profits for the current year, but the weakness in steel companies, the company's leading customers, depressed sentiment.

#### Roundup

PACIFIC RIM markets were little changed yesterday, with the exception of New Zealand. NEW ZRALAND was lifted 2 per cent by a fall in the local dollar, which improved the outlook for exports. The NZSE-40 index rose 27.55 to NZ\$18.8m from NZ\$24.3m.

AUSTRALIA ended slightly higher before the vote that ousted Prime Minister Bob Hawke and replaced him with Mr Paul Keating, the former treasurer. Hopes of Mr Keat-ing's victory had lifted the All Ordinaries index about 10

points, before news of worse-

than expected housing finance figures eroded the gains. The index closed 2.8 higher at 1,581.4 in active trading worth. A\$304m, up from A\$236m.

Compass Holdings was suspended amid liquidity trou-bles. Its competitor, TNT, rose 5 cents to A\$1.50. BANGKOK encountered late profit-taking, and the SET index fell 6.71 to 690.29 on turn-

over of Bt3.4bn. A trader said that the decline was caused partly by reports of margin calls by brokers preparing to close their 1991 books. HONG KONG responded to Wall Street's overnight stability and prospects of a cut in local interest rates, and the

Hang Seng index rose 5.14 to 4.182.81 in turnover up from SINGAPORE'S volume dropped from S\$76m to S\$60m as the Straits Times Industrial

index fell 6.54 to 1,431.64. The

EUALA LUMPUR was boosted by last-minute selective buying by the government's PNB investment final.

The composite index added 0.52 to 541.18.

The composes upper to 541.13.

TAIWAN added 8.95 as the composite inflex closed at 4,466.57, as princeer rose from T\$19bn to T\$22bn. Analysis said that officials of the ruling Kuomintang had been propping up the market before the National Assembly election.

#### **SOUTH AFRICA**

JOHANNESBURG driffied yesterday, as the bullion price moved sideways and the financial rand was subdued. The all-gold index cased 11 to 1,176 and the all-share index slipped 8 to 3,438, while the industrial index added 8 to 4,142.

## Bundesbank's rate rise unsettles bourses

extent of the Bundesbank's Interest rate increases was expressed, but not always fully reflected in share prices yester-day, writes Our Markets Staff.

PARIS fell sharply after the German rate rise. However, a higher bond market - which was betting that this interes rate rise would be the last and an early recovery on Wall recoun part of the losses, said Mr Thierry Defforey of Kleinwort Benson in Paris.

The performance of the franc against the D-Mark in the next few days would be crucial for domestic interest rates, he added, and hence for equities. The CAC 40 index fell to a day's low of 1,687.19, but closed at 1.684.19, down 21.98 or 1.3 per cent. Turnover was moderate, rising from FFr2.2bn to about FFr2.5bn, but half of that total was said to be end-of-year

window-dressing. Financials were weak. with Suez down FFr10.20 or 3.6 per cent at FFr269.90 and Société Générale off FFr13 or 2.8 per cent at FFr447.40. Among insurers, AGF lost FFr31 or 6.7 per cent to FFr434 and UAP FFr17 or 3.7 per cent to FFr443.

FT-SE Eurotrack 100 - Dec 19 Open 10 pm 11 am Noon 1 pm 2 pm 3 pm Close 1051.04 1050.50 1048.15 1047.98 1042.93 1042.52 1041.99 1043.04 Day's High 1051.12 Day's Low 1040.95

1055.55 1056.74 active stocks, rising FFr36 or 2.8 per cent to FFr1,304, on speculation that the bid by sion. This was no help to

Ifint of Italy for Exor, Perrier's parent, would have to be extended. The COB, the market regulator, said that it had delayed approval of the bid. FRANKFURT offered a subthe Bundesbank move. The DAX December future fell to

1,551, recovering to 1,553, down 8 from Wednesday's close. Dealers said that they would have expected a rise of 0.25, not 0.5, percentage points, and in the Lombard rate alone, not in both Lombard and discount.

The market's ability to react was limited, they argued. First, they said, the DAX had lost virtually all of Wednesday's gains during the official ses-

1051.10 sion, closing 11.98 lower at 1,561.77, after a 2.68 gain to 636.11 for the FAZ at mids

> potential sellers. Second, traders and speculators were unwilling to take positions before today's closing of DTB options and futures contracts; individual blue chips can fluctuate unpredictably on

closing day. Volume rose from DM3.3bn to DM4.3bn. MILAN closed lower before the Bundesbank news, the Comit index falling 7.59 to 496.16. The stock market regulatory agency, Consob, revoked a ban on short selling, and dealers said that a fall of 6.7 per cent in Olivetti was influenced by this decision.

However, there were also

drops of between 2 and 3 per cent in Fiat, Credito Italiano

and Montedison, on depression about the economic outlook at home and abroad.

ZURICH considered the German interest rate increases, but domestic banking worries counted for more as the Crédit Suisse index fell 2.9 to 440.3. In the banking sector, SBC drapped SFT8 to SFT276 of rumours, subsequently denied, about a downgrading of its credit rating.

AMSTERDAM slipped as the

Dutch followed the Germans, and raised interest rates by half a point. The CBS Tendency index recovered from a day's low of 86.9 to close 0.6 down at 87.2 KLM, the carrier, defied the

trend, rising 90 cents to Fl 39.20 on persistent speculation con-cerning British Airways. STOCKHOLM fell in heavy

trade, turnover rising from SKr492m to SKr509m as the Affarsvärlden General index closed 13.40 lower at 878.50. Skandia fell SKr8 to SKr165 after the Riksbank blocked S-K Banken's 4.9 per cent stake.
OSLO's all-share index fell

8.84, or 2.2 per cent, to 399.26. MADRID's general index fell 3.13 or 1.3 per cent to 231.82 in turnover of about Pta16bn.

## FT LAW REPORTS

# Tapes not admitted in evidence

ITALIA EXPRESS Queen's Bench Division (Commercial court): Mr Justice Hirst:

December 5 1991

A TAPED statement, other than an official record, is inadmissible as evidence in civil proceedings unless proved by the direct oral evidence of the person who made it or of a witness who heard him make it. And where such evidence is unavailable, it is not open to the litigant who seeks to produce the tape to prove that it is what he says it is through the evidence of persons who have been told how and when it was made, and who was

speaking, by the person who made it. Mr Justice Hirst so held when refusing an application by the defendant, Mr Trevor Rex Mountain, to admit tape recordings in evidence in an action by Mr Apostolos Con-stantine Ventouris.

HIS LORDSHIP said Mr Ventouris claimed \$4m against Mr Mountain as a representative of Lloyd's underwriters, under a war risks insurance policy for the vessel, Italia Express.

The vessel had been given to Mr Ventouris in January 1988. On March 24 1988 it was sunk by explosives attached to the hull while undergoing repairs outside Piraeus harbour. It was not disputed by the underwriters that the loss fell

within one of the perils The sole issue was whether as the underwriters contended, the loss was caused by Mr Ventouris's wilful misconduct. The mainstay of the under-

writers' case was the evidence of Mr Georgis Dimitrios Ventouris (GDV), Mr Ventouris's first cousin GDV had a criminal record in Greece and was on bail there under a condition which precluded him from leaving the

country.
The underwriters alleged that Mr Ventouris retained GDV to arrange the sinking of the vessel by divers in return for substantial payment. They alleged that the sink-ing was planned for February 13 1988, but was not executed

because a vessel alongside was guarded by frogmen. Mr Ven-touris called off the original plan and discharged GDV. It was contended on the basis of inference from those alleged facts that Mr Ventouris then instructed the divers to carry out the plan without GDV, and that the vessel was

blown up by them on March 24. Counsel agreed that before Mr Clarke for the defence opened his case, the court should rule on the admissibility under the Civil Evidence Act 1968 of a large number of tape recordings made by GDV of conversations with third parties, the majority being the

strongly on those tape recordings. He did not intend to call the persons who spoke on the tapes as witnesses. Since GDV and all his interlocutors lived in Greece, none of them was a compellable witness. The recording was surrepti-tious, for example by means of

Mr Clarke's case rested very

a small recorder strapped to GDV's ankle or calf, or by bug GDV had personally handed over nine cassette tapes to the underwriters' solicitors. The persons between whom

the conversations took place, and the times, were set out in the solicitors' memorandum of evidence. The underwriters intended

to prove that the tapes were original or copy recordings of those conversations by oral evidence from the solicitors and a translator of what GDV told them as to what the tapes were, how they were recorded and copied, who was speaking, and when the conversations took place.

For present purposes the court assumed the tapes were

Mr Clarke submitted that all the recorded conversations were admissible evidence of any facts stated therein, by virtue of sections 1, 2 and 4 of the

Section 1 provided that hear-say evidence was admissible only by virtue of the Act and other statutory provisions, or by agreement. Section 2(1) provided with regard to out of court state-

ments that "in civil proceedings a statement other than one made by a person while giving oral evidence shall be admissible as evidence of facts stated therein of which direct oral evidence by him would be admissible". By section 2(3), where a

statement made otherwise than in a document was admissible by virtue of the section "no evidence other than direct oral evidence by the person who made the statement or any person who heard or otherwise perceived it being made shall be admissible for the purpose of proving it".

as evidence of the facts stated.

By section 10(1) "document" included "(c) any disc, tape, sound track and (d) any device in which visual images are embodied".
Mr Clarke submitted the

statements by GDV and his interlocutors on the tapes were statements made in a docu-ment which were "admissible as evidence of the facts stated therein, of which direct oral evidence by them would be admissible". The first question was

whether the Act might be used as a means of proving that the tapes were what the underwriters said they were for section 2 purposes, or whether, as Mr Tomlinson submitted, that was not legally permissible. The principal objects of Part I of the Act (sections 1 to 10) were to ensure that all firsthand hearsay statements were admissible provided certain conditions were fulfilled, and

to allow second-hand hearsay to be received if contained in a record. "First-hand hearsay" meant a statement by A, proved by his direct oral evidence or the document in which he made it, or by direct oral evidence of a witness who heard him make it. "Secondhand hearsay" included all hearsay statements that were not first-hand. Section 2(3) was igned to ensure that only first-hand hearsay should be admissible under the section (Cross on Buidence 7th ed 1990

It was fundamental to section 2 that the statement should be first-hand. If would be highly anomalous if that principle, so clearly enshrined in section 2(3) for oral statements, did not also apply to

ntary statem

It followed that the Act could not be used as a means of proving that the tapes were what the underwriters said they were. That was fatal to their case under section 2. The next question was whether, as Mr Clarke contended, a statement recorded on tape was a statement made; in a document for the purposes of section 2, or was, as Mr Tomlinson contended, a statement made orally and recorded

in a document.
If Mr Tomlinson were right, section 10(1)(c) and (d) would become, if not completely nugatory, circumscribed to an extent far beyond what Parliament could have intended. Mr Clarke submitted that

section 4 allowed the admis-

remote hearsey as evidence of the truth of statements therein contained, provided it formed part of a record compiled by a person who was under a duty

to record it. He said the tapes were part of a record presented by GDV to the Piracus criminal enquiry as exhibits to GDV's statement under oath and that there was a duty under Greek law for the investigating judge to record

such evidence.
That was not accepted. The tapes were information sup-plied to the judge, not pert of his record.

The underwriters' case under section i falled.

Mr Clarke submitted that the tapes were admissible at common law, as evidence that the words recorded were spoken. He recognised that that fact per se would be of no rele vance, but submitted that refevant inferences might be drawn from it.

Section 1 of the Act was caregorical that the only way such evidence could be introduced in civil proceedings was by vif-tue of the Act itself and not otherwise. The argument therefore failed Finally Mr Clarke relied on

The Statue of Liberty [1963] 1 WLR 739, where it was held The St that evidence on film made by radar apparatus on shore, recording echoes of two ships in collision, was admissible. The judge concluded that the radar film was "real evidence", i.e. "evidence afforded by the production of physical objects for inspection or other examination by the court".

There was a marked difference between a radar film giving a picture of a collision, and conversations recorded or tapes, which could hardly be described as physical objects for inspection by the court. That point also failed. For all those reasons the

tapes were not admissible For Mr Ventouris, Stephen Tomlinson QC and Stephen Hofmeyr (Hill Taylor Dickin-

For the underwriters: Christo-pher Clarke QC and Andrew Popplewell (Ince & Co).

■Deutsche Bank v Ibrahim, FT December 13 After further argument on December 18 a second judg ment was delivered, with additional findings against the bank. The law made in the ear-

Rachel Davies

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESOAY DECEMBER 18 1981							TUESDAY DECEMBER 17 1891					DOLLAR INDEX			
Figures in parentheses show number of lines of stock	US Doller Index	Day's Change %	Pound Starling Index	Yen Index	DM	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Indux	Pound Sterling Index	Year Index	DM lodex	Local Currency Index	1901 High	1991 Low	Yaur ago (appro
Australia (69)	146.93	-1.5	119.36	119.30	120.16	126.38	-1.5	4.62	149.23	121.53	121,31	122.43	128.26	160.31	112.74	
Austria (20)	164.62	+0.3	133.73	133.67	134.63	134.35	+0.3	2.15	164.10	133,64	133,40	134.63	133.96	222.37	153.86	206.
3elgium (47)	136,43	+ 0.0	110.83	110.77	111.57	108.54	+0.0	5.44	136.37	111.06	110,85	111.88	108,80	151.20	118.04	135.
Canada (115)	130.62	-0.1	106.12	106.06	105.82	108.49	+0.1	3.38	130,70	106.44	108,24	107.22	108.41	144,28	126.49	129
Denmark (37)	259.80	+0.9	211.06	210.95	212.45	215.90	+0.9	1.66	257,41	209,53	209,25	211.18	213.91	270.56	217.74	241
Infand (15)	74.42	+1.5	60.46	60.43	60,88	66.42	+1.4	3.67	73.32	59.71	59.61	60.15	65.51	125.15	73.32	104
rance (109)	140.29	+0.0	113.97	113.91	114.72	118.34	-0.3	3.74	140,38	114,31	114.09	115.14	118.68	152.28	119.11	137.
Bermany (65)	112.72	+1.3	91.57	91.59	92.18	92.18	+0.9	2.50	111.32	90,66	90,50	91.32	91.32	125.35	94.15	118
long Kong (55)	172.00	-0.1	139.73	139.66	140,67	171.65	-0.1	4.33	172.21	140.25	139,89	141.29	171.89	176.14	119.62	124
reland (18)	163.07	-0.5	132.47	132,41	133,36	135.52	~0.5	3.70	183.81	133,41	133,16	134.36	135.14	182.46	132,68	154
laly (77)	72.15	+0.0	58.62	58.58	59.00	64.02	-0.2	3.62	72.14	58.75	58.64	59,18	64.17	88.23	64.76	82
apan (474)	130.60	-0.7	106.10	106.04	108.82	106.04	-0.8	0.80	131.56	107.14	106,95	107.95	106.95	146.97	118.28	132
Aalaysia (68)	206.67	-0.6	168.05	167.96	169.17	218.54	-0.7	2.85	206.18	169,54	169.22	170.7B	220.16	247.78	189.18	203
lexico (17)	300.03	+0.0	1056.11	1055,56	1063.16	4322.42	+0.0	1.18	1300.17	1058.84	1055.91	1099.68	4322.91	1404.63	534.45	586
letherland (31)	147.27	+0.1	119.64	119.58	120,44	119.18	-0.2	4.53	147.05	119.76	119.54	120,64	119.40	148.25	125.70	135
lew Zealand (14)	44.23	-0.8	35.93	35.92	36,17	42.75	+0.1	6.43	44.59	35.31	36.25	36.56	42.73	54.84	41.18	49
lorway (30)	173.30	-0.7	140.79	140.71	141.73	145.13	-0.9	1.78	174.59	142.19	141.93	143.24	146.39	223.24	157.08	209
interes (20)	208.70	-1.0	189.55	189.46	170.68	158.40	-1.0	2.21	210.89	177.75			160.02			
lingepore (36)		+3.9	198.53	198.43	199.85	173.72	-0.5		235.22		171.44	173.01		213.93	151.63	160
	244.39		117.75	117.89	118.53	109.81		2.84		191.56	191.21	192.97	174.59	271.99	173.00	176
pain (53)	144.94	-0.5					-0.8	5.04	145.74	118.69	118,48	119.57	110.69	171.12	131.51	148
weden (25)	169.41	-0.1	137.62	137.55	138.54	143.64	-0.2	3.10	169.60	138,12	137.87	139,15	143.99	204.12	146.60	163
witzerland (59)	95.45	+0.0	77.54	77.50	78.07	82.49	+0.0	2.42	95.42	77.70	77,57	78.29	82.46	100.67	82,17	93.
Inited Kingdom (236)	175.48	-0.5	142.56	142.47	143.49	142.56	-0.8	5.23	176.39	143.65	143.38	144.70	143.55	187.44	158.27	168
ISA (525)	156.18	+0.2	126.87	126.81	127.73	156.18	+0.2	3.12	155.87	125,94	126,71	127.能	155.87	161.59	125.95	133
urope (822)	140.10	+0.0	113.82	113.76	114.58	114.89	-0.3	4.20	140.17	114.15	113,55	115,00	115.21	151,52	125,50	138
ordic (107)	175.90	+0.3	142.89	142.82	143,85	142.39	+0.3	2.27	175.28	142.75	142.48	143,80	141.99	200.81	155.55	172
acific Basin (718)	131.98	-0.7	107 <i>.2</i> 2	107.16	107.53	108.32	8.0	1.14	132.97	108.29	108.09	109.08	109.24	145.92	117.86	131
uro Pacific (1540)	135.54	-0.5	110.11	110.05	110.84	111.70	-0.6	2.40	136.17	110.89	110.68	111.70	112.39	147.56	121.29	134
lorth America (640)	154.53	+0.2	125.54	125.49	126,40	152,93	+0.2	3.13	154.25	125.62	125,40	126.57	152.64	180.44	125.91	133
urope Ex. UK (586)	115.89	+0.3	96.58	96.55	97.25	98.95	+0.1	3.43	118.53	96.53	96.37	97,28	98.87	129.80	103.58	120
	145.52	-0.9	118.22	118.17	119.02	129.79	-0.8	4.18	146.82	119.58	119,36	120,46	130.89	153.19	111.40	116
Vorld Ex. US (1733)	137.25	-0.4	111.50	111.45	112.25	113.30	-0.6	2.43	137.74	112.17	111.98	113.01	113.96	148.16	122.32	134
Vorid Ex. UK (2022)	139.47	-0.1	113.30	113.25	114.07	125.03	-0.2	2.39	139.62	113,71	113.51					
	141.94	-0.2	115,31	115.26	116.09	126.29						114.56	125.33	146.16	120.06	129.
	150.31	+0.1	122.11	122.06	122.95		-0.3	2.68	142.23	115.83	115.63	116.69	126.66	148.66	122.92	133
						138.16	+0.0	3.55	150.14	122.27	122.06	123.19	138.22	155.59	126.00	135.
he World Index (2258)	142.61	-0.2	115.85	115,79	116.63	126.71	-0.3	2.68	142.82	116.31	116.11	117.18	127,09	149.37	123,28	133

